Governance, marketplaces and social capital: The role of Batkhela bazaar in the evolving governance of the Malakand region of Pakistan

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Abstract

Marketplaces are frequently a key dimension of local governance in developing states. Yet to date, their role, and that of the social capital operating within them, in the evolution of formal and informal local governance structures has lacked systematic theoretical and empirical investigation. This is the case in the developing world in general, and in Pakistan specifically. This absence is of notable significance in the context of Pakistan and the Malakand region given that marketplaces, characterised by their complex formal and informal relationships, are centre-stage in the processes of local economic development and governance. This study addresses this gap by drawing together three streams of literature on decentralisation and local governance, social capital, and marketplaces, to explore the manner in which marketplaces generate social capital and the outcomes of this social capital for local governance.

Adopting a relational framework for social capital and local governance, the thesis argues that marketplaces, as an element of both formal and informal local governance, generate both individual and associational social capital. To understand the implications of this marketplace-generated social capital, the study examines how it is generated by the economically dynamic Batkhela bazaar, and how it impacts on the evolving local governance of the Malakand region. To unearth the complex interrelationships between social capital and local governance, a qualitative, multi-method case study of Batkhela bazaar in Malakand District was undertaken. Working within a critical realist tradition, a survey of market traders was followed by intensive qualitative data collection through semi-structured interviews conducted with bazaar traders, local political leaders and local administration officials. Relevant records from related government departments, social welfare associations and bazaar traders' associations were also collected and analysed.

Theoretically, the thesis develops and applies an original meso-level analysis grounded in the Bourdieusian tradition, to improve understanding of the continuities and changes in the generation, operation and outcomes of social capital within marketplaces, and the relationship between social capital and local governance in developing state contexts. The results are presented in relation to the influence and impact of bazaar-generated social capital on citizens' empowerment and participation, the implementation of regulations, and social welfare provision. Although associations in Pakistan are weak, economic development is contributing to the development of associational life. The findings demonstrate that the individual and associational forms of social capital generated by the bazaar are frequently complementary and are linked in various ways to the political, regulatory and service provision activities of formal local government. Interpersonal networks of traders governed

by the norms of trust and reciprocity have a dual role in a weak-state, low-trust environment: they stabilise the everyday governance of the marketplace, while simultaneously reinforcing formal institutional weakness by facilitating corruption and intercession. Neither individual nor associational social capital has a normatively "dark" or "bright" side: the major determinants of the outcomes of its use are rooted in the motives for which it is employed by differentially powerful actors, and in the domain in which it operates.

Keywords:

Social capital; governance; marketplaces; Bourdieu; bazaar; Malakand; Pakistan

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Declaration

I declare that this study was purely conducted for the Degree of PhD at Middlesex Business School, and has not been, and will not be, submitted to any other institution. All the theoretical concepts, positions, facts and figures are duly acknowledged, and the empirical findings are the outcome of the author's empirical research conducted in 2015-16. The ideas generated by this research have been presented at multiple academic forums around the world, and published in a few books (a list of conferences and publications is appended at the end of this document).

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List of Abbreviations

AAC	Additional Assistant Commissioner
AC	Assistant Commissioner
ANP	Awami National Party
BU	Bazaar Union
CR	Critical Realism
DC	District Commissioner
DFC	District Food Controller
FATA	Federally Administered Tribal Areas
JI	Jumaat-e-Islami
KP	Khyber Pukhtunkhwa
LG	Local Government
PATA	Provincially Administered Tribal Areas
PPP	Pakistan People's Party
PTI	Pakistan Tehreek Insaf
RA	Research Assistant
SC	Social Capital
SWAs	Social Welfare Associations
UC	Union Council
VIR	Visually Impaired Researcher

Glossary of terms

tehsil - sub divisional level of local government operating below the district

khan - landowner normally originating from a unilineal descent charter, traced to a common apical ancestor

jirga - tribal council, a decision-making body most commonly operational in parts of Khyber Pukhtunkhwa province and the Federally Administered Tribal Areas of Pakistan

malik - tribal chief or headman

zakat - the third commandment of Islam, a levy on the surplus income of every faithful Muslim who qualifies to pay it: the rates vary according to the kind of material objects held, but are generally 2.5% of annual surplus income

nazim – mayor/elected head of local government

naib nazim - deputy/vice-mayor, convener of local government council who takes over from *nazim* when he or she is away

Pukhtun, also spelt Pakhtun or Pashtun: an ethnic group living in the Pakistan-Afghanistan border lands

Pukhtunwali, also spelt Pakhtunwali or Pashtunwali: a tribal code (or code of honour) of the Pukhtun culture

Chapter 1 - Introduction

Ever since the publication of Putnam's Making Democracy Work (1993), the concept of social capital (SC) has been at the centre of a lively debate about the relationship between SC and local governance across the developed and developing world. Yet the literature on this relationship in the developing world remains underdeveloped. Research based on Putnam's tradition of SC-governance relationships, and arguments calling for the integration of the "top-down" and "bottom-up" approaches to SC, remains heavily focused on the developed state context.[1] This is mainly due to the World Bank's adoption of the SC concept for dealing with bad governance in the developing world, without paying much attention to the role of the state in the generation of SC, and discarding Bourdieu's concept of SC from its much-celebrated social capital initiative (O'Donovan, 2017).[2] This thesis explores the relationship between SC and local governance through marketplace interaction with local government in Malakand District in the Khyber Pukhtunkhwa (KP) province of Pakistan. Instead of adopting either a purely statist (Tarrow, 1996; Lowndes and Wilson, 2001) or non-statist (Putnam, 1993, 1995) perspective of SC, this study develops a relational framework in a Bourdieusian tradition to explore SC's role in local governance. It argues that the role of marketplaces as an element of local governance structure, in terms of the generation of SC, has implications for evolving local governance in developing economies. Allowing for the role of the state and economic development as important contextual factors in the development of SC, it also argues that SC is an emergent property of the dynamic interaction between formal and informal institutions in the local governance structure. In the rest of this chapter, Section 1.1 explains the rationale of the study, Section 1.2 presents the research aims, and Section 1.3 sets out and discusses the research questions. An introduction to the themes of local governance, social capital and marketplaces is provided in Section 1.4, before Section 1.5 elaborates on why Pakistan

[1] For an overview of this literature see Breuskin (2012), and for recent empirical attempts at integrating these perspectives see Pisani et al. (2017).

[2] The Social Capital Initiative (SCI) is a World Bank project under which the bank funds projects in more than a dozen countries to help define, measure and understand social capital in better ways, to lead to better monitoring of its stock, evolution and impact (World Bank, 1998, The initiative on defining, monitoring and measuring social capital: Overview and program description).

was chosen for the study, and why Batkhela bazaar was an appropriate location for the case study. Finally in this chapter, Section 1.6 presents the thesis structure.

1.1 Study rationale

Within the developing state context, marketplaces frequently play a central role not only within local economies, but also within the practice of local governance. Defining marketplaces depends on their type, the settings in which they operate, and the way in which they are governed (Morales, 2011, pp. 3-4; see Section 2.4 of this thesis). For the purposes of this study, marketplaces are defined as spatially bounded places for the production and exchange of goods and services, surrounded by a series of social relationships embedded in their respective institutional environments. Their significance for local governance stems from their integrative potential in the organisational and institutional structure of local governance (Schappo and Van Melik, 2017). This means that the role of marketplaces in local governance extends to the processes of participation, the implementation of regulations, and the delivery of social services.

Marketplaces are referred to with varying names in different regions of the worlds: bazaars in the greater Middle East and South and Central Asia; *souks* (*souqs*) in the Middle East; and marketplaces in the literature on the developed world and African markets (Wilson, 1995; Pati-Sharman, 2011; Ahluwalia, 2003; Watson, 2009). This study employs the term marketplace and bazaar interchangeably, because in both the Urdu and Pashto languages, the word bazaar refers to a marketplace in both a physical and a more abstract sense.[3] In conceptualising the bazaar/marketplace, this study follows Keshavarzian (2007, pp. 48-53) who warns against "exoticising" the bazaar. Like Keshavarzian (ibid., p. 2) the author of the present study views a bazaar both as physical place where exchanges takes place, and in a more abstract, metaphysical sense.

The varying degrees of the formalisation of marketplaces along different dimensions influences their role in local governance (Holland, 2015; Grossman, 2016). These dimensions of formalisation include the extent to which trading activities are taxed (Khan, 2017a), access to the physical space of the marketplace is regulated by the state (Hüwelmeier, 2013), and contracts between traders are enforced through formal institutions (Lyon, 2007). Therefore, understanding the operation of marketplaces as an element of local governance requires a combination of aspects of both formal and informal governance practices to be taken into account. Fundamental to this operation is the role of

[3] Urdu is the national language of Pakistan; Pashto is the local language in Batkhela bazaar.

SC, which acts both as a facilitator of marketplace interaction with local government and more broadly as a generator of SC within local governance processes.

Since Putnam's (1993) seminal study of Italian regions, there has been recognition of the significant role of social capital in relation to healthy civic life and effective local governance. Putnam's conception of social capital – covering features of social life such as networks of relationships, and norms of cooperation such as trust and reciprocity that facilitate collective action – triggered a variety of research into the nature of the relationship between social capital and local governance within the developed world context. Yet much of this research has focused on social capital in relation to the formal structures of local government and to formal membership-based organisations within local governance. However in the developing world context, where the formal institutions of local government and other organisations are weak, informal interpersonal relationships often play a fundamental role. Consequently it is the relationship between these informal interpersonal relationships on the one hand, and the local institutions displaying varying levels of formalisation on the other, which is often crucial to understanding the practice of local governance within developing states. To this end, a theoretical framework, exploring the links between the operation of SC at micro- and meso-level is required (Eloire, 2015; Christoforou, 2014a).

1.2 Research aims

This research seeks to explore the evolving relationship between bazaars and local governance in the developing state context, and the role of SC within this interrelationship. Its central aim is to better understand how the SC generated through bazaars shapes the development of local governance in the developing and weak state contexts. It seeks to make three central contributions to the existing literature. Firstly, it aims to offer an improved theoretical conceptualisation of the relationships between bazaars, local governance and SC. Secondly, it seeks to provide an original empirical study of these relationships in the specific state context of Pakistan and through an in-depth study of Batkhela bazaar in Malakand District. Thirdly, by studying bazaars as an element of local governance, it seeks to refine the concept of SC regarding its role in the local governance structure in the developing state context.

Furthermore, this research seeks to add to the knowledge in an area of study that has received little attention. The researcher was able to locate only 11 studies on marketplaces in Pakistan in the published literature (Ahmed, 1980; Jan, 2014 [2017]; Jan and Aman, 2016; Jan and Raza, 2015; Khan, 2017a; Suleri, Shahbaz and Shah, 2016; Javed, 2017; Hasan, Polak and Polak, 2008; Asad Ullah, 2014; Williams, Shahid and Martínez, 2015;

Amirali, 2017). With the exception of Javed, Amirali, Hasan et al., and to some extent Williams et al., the rest of the 11 studies overlook the role of marketplaces at the interstices between formal and informal governance. A distinct contribution of the present thesis is therefore to develop the literature on the SC-local governance-marketplace relational framework by conceptualising marketplaces as an important element of local governance (see Section 5.3.2). Of particular note here is the lack of attention to the notion of SC in any of these prior studies.

To this end, this thesis develops and empirically explores a theoretical framework within the political economy, informed by the Bourdieusian notion of social capital, to explain state-society interaction in relation to marketplaces and local governance. A Bourdieusian theory of practice, characterised by the nexus of field, habitus and capital (power), has merit over the mainstream approaches to social capital for three reasons. Firstly, it equates social capital with power and explains its role in relation to other forms of capital (sources of power) (Christoforou, 2013, 2014a, 2014b). Secondly, it considers the dynamic relationship between agency and structure in the generation and use of social capital. Thirdly, it provides an ontological framework that has the capacity to explain power as an omnipresent but culturally and symbolically relegitimised factor that shapes agents' motives for action (Bourdieu, 1977, pp. 65-67) and their contextual understanding (see Chapter 3). Thus, this theory is important for explaining the role of social capital in connection with the relevant institutional design of local government, and the implications of change in the institutional design of government for the role of SC in local governance (Górriz-Mifsud, Secco and Pisani, 2016; McDonough and Polzer, 2012). In this way, this thesis aims to show that Bourdieu's notion of social capital is a missing link not only in the development discourse (Mansuri and Rao, 2003; Bebbington, Woolcock, Guggenheim, and Olson, 2006; Christoforou, 2014b), but also in the social capital-local governance discourse (Harriss, 2001; Stokke and Selboe, 2009).

Operating within this theoretical framework, the thesis aims to achieve the following specific objectives:

(1) To explain the ways in which marketplaces generate SC, and the ramifications of this marketplace-generated SC for local governance;
(2) To explore, through the case study of Batkhela bazaar, the role of marketplace-generated SC in the local governance of developing economies;
(3) To understand the ways in which the governance structure of the Malakand region of Pakistan impacts the development and functions of local SC; and

(4) To stimulate future research on one of the most underdeveloped bodies of literature in the fields of SC, marketplaces and local government: namely bazaar-local governance relationships in developing economies in general, and in Pakistan in particular.

Providing a better understanding of these marketplace-local governance-SC relationships will also identify key areas for policy improvement relating to the governance of marketplaces in Pakistan and the wider local governance structure within which marketplace governance is rooted. These areas include:

(1) Political empowerment and participation;
(2) The implementation of regulations governing price, health and quality standards in the marketplaces; and
(3) The improved governance of the social welfare provision at the district level.

1.3 Research questions

Marketplaces are often at the centre of the local economy, and are highly dynamic elements of local governance (offering informal governance input) in areas where formal institutions are characteristically underdeveloped. Within such contexts, the role of the SC generated by marketplaces is critical to understanding evolving local governance and the effectiveness of formal governance institutions. Any endeavour to improve governance in these contexts, characterised by ineffective government institutions, requires a better understanding of the types of policies involved. To enhance this understanding, the present research asks the following central question: How has the social capital generated by the economically dynamic Batkhela bazaar impacted on the evolving governance of Malakand region?

The process of SC generation is not simple or straightforward, owing to the simultaneous and often overlapping operation of both inherent and contingent SC, which are embedded within the broader institutional environment. Therefore, two ancillary dimensions are added to the central question above, raising the following two points: How does the social capital embedded in the bazaar economy affect the evolution of local governance; and How do the local governance processes rooted in the bazaar influence the stocks and flows of local social capital.

This line of investigation is translated into the following specific research questions which form the basis of this thesis:

(1) What forms of social capital are significant for understanding marketplace-local governance relationships in developing state contexts?

(2) Why, and in what ways, are the interrelationships between these forms of SC important for local governance?
(3) How does social capital generation shape the role of bazaars as an element of local governance in developing/weak state contexts?
(4) How does the social capital generated through the economically dynamic Batkhela bazaar influence the evolving governance of the Malakand region?

To unpack the impacts of governance structure on marketplace-local government interaction, these questions are investigated in relation to the bazaar's interactions with the social, political and bureaucratic spheres of governance. This exploration offers a better understanding of how the incapacity of local government creates a greater space for informal mechanisms (SC) in the day-to-day governance of the marketplace. In addition, the ineffectiveness of the state in service delivery also leads to greater activities by third sector and local voluntary associations. This study will also therefore examine how the economic, social and political embeddedness of marketplaces facilitates the functions of social welfare associations (SWAs) to make an impact on local governance. These questions are developed into specific topical questions in Section 4.3.

1.4 Local governance, social capital and marketplaces

The term local governance encompasses the direct and indirect role of local government (formal institutions) and government hierarchies, as well as the "informal norms, networks, community organisations, and neighbourhood associations in pursuing collective actions by defining a framework for citizen-citizen, and citizen-state interaction, collective decision-making and delivery of public services" (Shah and Shah, 2006, p. 1). This conception of local governance treats local government (LG) as an element of the local institutional infrastructure that is critical to understanding how the entities and networks beyond the formal institutions of governance shape the local governance structure (ibid., p. 2; Stoker, 2011; Sellers and Jefferey, 2016). Within this framework, this thesis explores the role of local government institutions, marketplaces and social structures in the formation, operation and outcomes of SC for local governance in Pakistan.

Seeking to understand the role of SC in evolving local governance practices in developing states requires critical engagement with what constitutes SC (Christoforou, 2013; Pisani, 2017, pp. 142-44). While the huge body of literature on SC broadly agrees that it comprises networks of relationships and norms of cooperation manifested through trust and reciprocity (Christoforou and Davis, 2014, p. 3), there is considerable disagreement over its precise definition and constitutive elements (Christoforou, 2013; Andriani and Christoforou, 2016). Particularly important here are the debates concerning

the relationships between individual and collective social capital (Krishna, 2002; Levien, 2015), and between membership-based associations and informal networks (Hooghe and Stolle, 2003, p. 12; Norris and Inglehart, 2003, p. 3; Granovetter, 2002). While Putnam's view of SC emphasises collective SC, Bourdieu's conception places greater emphasis on both individual SC and group membership (Smith and Kulynych, 2002; Tzanakis, 2013). This is to say that for Bourdieu, SC is a property not only of social groups but of individuals, which means that its role in local governance can be grasped through networks of personal relationships and individual positions within fields (Eloire, 2015). This is not to play down the value of Putnam's seminal work on SC and local governance, but to explore the possibility of developing a framework that transcends analytical binaries such as structure vs. agency, formal vs. informal, and "top-down" vs. "bottom-up". Marketplaces generate both types of SC (Lyons and Snoxell, 2005): hence understanding the relationship between SC and local governance in the context of marketplaces requires developing the existing conceptions of SC.

Three major conceptualisations of SC exist, each with varying implications for its role in local governance.[4] Putnam (1993, 1995, p. 67) defines SC as "features of social organisation such as networks, norms and social trust that facilitate cooperation and coordination for mutual benefit". Coleman (1988, pp. 95-96) views it as a characteristic of social structure with productive outcomes. For Bourdieu (1986, p. 248), social capital is "an aggregate of actual or potential resources that are linked to durable networks of institutionalized nature". Individuals accrue benefits owing to their membership of networks of interpersonal relationships or groups (Bourdieu, 1986, p. 250, 1985, p. 25).[5] Thus social capital facilitates the achievement of individual or group objectives (Nooteboom, 2007). Against this backdrop, marketplaces are viewed as generators of both individual and associational SC with both negative and positive outcomes for local governance.

[4] Lin's (2005) proposal, Burt's (2000) network approach and Svendsen's (2003) neocapital versions are some of the other notable conceptions of SC. See Häuberer (2011) for a review of network conceptions and Christoforou (2014b) for a brief overview and critique of Svendsen's neocapital conception.

[5] There is an evident affinity between network theory and social capital theory, although they are not identical (Fine and Lapavitsas, 2004, Note 12). The author of the present study uses SC instead of network analysis because the latter generally reduces the context of social structure to individual intersubjective relations. This is not to undermine the significance of networks or network analysis. However, the Bourdieusian approach to SC distances itself from Granovetterian-type interactionism because Bourdieu believes that such an approach reduces the broader objects of social structures like fields and power to the conjuctural structure of their observed interaction in a particular situation or group (Christoforou, 2014, pp. 71-2; Bourdieu, 1977, pp. 81-2).

Employing Bourdieu's notion of SC, this thesis focuses centrally on the role of marketplaces as an element of local governance, a role which they perform through engendering SC. Two critical factors shape this role of marketplaces. Firstly, marketplaces are embedded within their respective political and social structures (Keshavarzian, 2007; Erami and Keshavarzian, 2015).[6] Secondly, the embeddedness of marketplaces results in the generation of SC, which in turn forms an emergent property of the dynamic interaction of the contiguous evolution of marketplaces and their respective local governance structures. Following Odabaş and Adaman (2014b), this second factor avoids both rationalist and structuralist determinisms in the formation and operation of SC. Furthermore, it transcends the dualism relating to SC as a "top-down" or "bottom-up" phenomenon. Local governance arrangements are constituted by a combination of formal and informal institutions, social structures and power relations, which together form the context for the generation and operation of SC and its implications for local governance (Cento Bull and Jones, 2006; Górriz-Mifsud Secco, Da Re, Pisani and Bonet, 2017). In this vein, three major processes of governance are the focus of this research: empowerment and participation; the implementation of regulations; and the service delivery functions of local government. It is argued that both the individual and collective SC generated by marketplaces have implications for each of these governance processes.

1.5 Why Pakistan - and why Batkhela bazaar?

Pakistan presents a typical example of a weak developing state, as it performs badly on all six governance indicators developed by Kaufman and Kraay (Easterly, 2001).[7] The ineffective design of local government coupled with socioeconomic inequalities translate into ineffective local governance. Participation structures at the local level are designed without sufficient consideration of the challenges presented by the local social structures to the improvement of local governance. Within this context, the role of marketplaces in the local economic or governance policies is largely overlooked. Not only do marketplaces have historic political and economic significance for state-society relations (Hasan and Raza, 2009, pp. 42-43), but their significance for local governance is increasing owing to

[6] Keshavarzian uses neither the term nor the concept in any of his studies, but provides a comprehensive treatment of the social embeddedness of marketplaces, and the implications of ties developed around marketplaces for various governance processes. Keshavarzian does "not find it [social capital] a very useful analytical concept" (Email communication, April 16, 2015).

[7] Easterly was referring to worldwide governance indicators project that began in 1996 and cover more than 200 countries along six dimensions of governance: voice and accountability; political stability and absence of violence/terrorism; government effectiveness; regulatory quality; rule of law; and control of corruption. for an overview and methodology of the project see Kaufmann, D. K., Ray, A. and Mastruzzi, M. (2011). *The worldwide governance indicators: Methodologies and analytical issues*. Brookings Institution.

the current economic restructuring, as an outcome of the rising momentum in the shift from an agrarian to a market economy (M.A. Jan, 2017, p. 3).[8] The literature on local governance in Pakistan highlights the restructuring effects of marketplace development for the local social hierarchies that often operate to the detriment of effective local governance (Chaudhary, 1999; Martin, 2015).

Recent studies of the political economy of Pakistan have highlighted the rise of an emerging merchant class and the implications of this for the country's local and national power structures (Javed, 2017; Akhter, 2017). Nevertheless, a systematic explanation of the evolution of marketplaces and their role in the local governance structure has yet to be developed. In particular, the significance of marketplaces as an element of local governance structure, the role of marketplaces in the formation of social capital, and the implications of these factors for the interaction between various spheres of governance, lack systematic theoretical and empirical treatment in the literature on marketplaces, SC and local governance in Pakistan. This study attempts to fill this gap in the literature by providing a systematic theoretical treatment and detailed empirical exploration of the role of marketplaces in the local governance processes of Pakistan.

Two of the major limitations of the existing literature on marketplaces in Pakistan suffice to make a strong case for this thesis. Firstly, none of these existing studies develops a relational conception of marketplaces as an element of local governance, even though most of them invariably converge on the role of marketplaces as drivers of change in the local economy and social structures (Akhter, 2017; Javed, 2017; Amirali, 2017; Jan, 2017). Secondly, most of the existing literature views the political embeddedness of marketplaces in the traditional class models of patron-client relationships, which leads to the omission of trust as an important factor in explaining marketplace-local governance relations. The cause of this omission, presumably, can be attributed to the non-application of SC as a valuable theoretical construct for the investigation of marketplace-local government interaction and its implications for local governance. The novelty of this thesis lies in the development and application of a social capital theoretical framework, applying both its structural and cognitive elements in order to study the role of marketplaces in the local governance of Pakistan, and especially in the Malakand region.

[8] Muhammad Ali Jan (2017) and Muhammad Ayub Jan (2017) are identical in terms of their surnames, initials and years of publication. To avoid confusion in the in-text citations, Muhammad Ali Jan is cited as M.A. Jan, 2017, whereas Muhammad Ayub Jan will be cited as Jan 2017.

It does so by offering the first systematic, meso-level treatment of the role of marketplaces as an element of Pakistan's local governance structure. Unlike traditional structuralist (Jan, 2017; Akhter, 2017) and individualist (Lindholm, 1982, p. 123) readings of marketplaces or traders' communities in Pakistan, the present study develops a relational framework in order to situate marketplaces as an integral element of local governance (see Chapter 3 and Section 9.2). Such a framework allows an understanding of the contiguous evolution of formal and informal governance processes, and of the role of marketplaces in the evolving local governance dynamics of Pakistan. This timely endeavour to understand the role of marketplaces as embedded governance spaces, and as generators of SC, develops the scarce literature on marketplaces in Pakistan.

The choice of Batkhela bazaar as a case study site was based in part on its major characteristics, in addition to the availability of existing literature (Jan, 2010; Jan and Aman, 2016; Jan, 2014, 2017). Its key features include a rich history of evolution in a socially stratified political and economic context, the development of a vibrant traders' association, also with a rich evolutionary history (Jan 2010), its role in facilitating political inclusivity (Jan, 2014), and its geographical location in a region which has seen an evolving governance structure (Khaliq, 2012; Marsden and Hopkins, 2013). Furthermore, Batkhela is the only officially designated urban town in Malakand District. The urbanisation of Batkhela is due to the phenomenal growth of the bazaar since the 1960s (see Appendix 1). Over this period, the bazaar has evolved from a small cluster of 20-25 shops at the periphery of Batkhela village, to a large hub of more than 5,000 shops situated at the heart of Batkhela town. The centrality of Batkhela bazaar to the district's economy, its role in employment generation, its influence on land-holding and income distribution, and its embeddedness in local politics, make it an appropriate setting in which to study bazaar-local governance interrelationships (Khan, 2017a). These factors make it an illuminating case study to address the major concerns of the present study (see Sections 4.3.2 and 5.3.2).

Batkhela bazaar has evolved within a dynamic governance structure underpinned by social stratification and designed political exclusion, especially in terms of participation and service delivery (see Section 5.3.1). The transformation of the local government structure from a centralised to a decentralised system, the introduction of more inclusive participatory governance, and increased governmentalisation in terms of rule enforcement and service delivery, are some of the processes that have co-evolved with the evolution of Batkhela bazaar and the local economy more generally. This contiguous evolution of the bazaar and the local governance structure provides an appropriate context for studying the

role of the marketplace in social capital generation and the implications of this for regional governance processes. Unlike in the past, when the agrarian economy was the major underpinning factor of the local social and political structures (Barth, 1959b; Lindholm, 1982), Batkhela bazaar has emerged as a significant field of power with implications not only for the local economy, but also for related social and political structures. This is not to assume a one-to-one correspondence between the evolving formal governance structure and the changes in Batkhela bazaar: instead, the historicity of events in the broader local context relating to the bazaar and the formal governance structure has shaped the dynamic interrelationship between the two.

One notable feature of Batkhela bazaar is what Weiss (1998, p. 71) calls the "practical and symbolic division of trading spheres" between marketplaces and the home-based economy in Pakistan, in which the former is reserved for men and the latter for women. As a result, there are no female market traders in the governance structure of the bazaar, and no women hold political or administrative positions that interact with the marketplace in its everyday governance. The current study is therefore restricted in its analysis to the role of men within the interaction between the marketplace and local governance, although it is recognised that work focused on a better understanding of the gender relationships in this domain provides an important avenue for future work.

1.6 Thesis structure

The rest of the thesis is divided into two major parts. Firstly, four chapters (Chapters 2-5) provide an interdisciplinary literature review, explain the development of an SC theoretical framework, detail the research design and outline the context for SC-local governance-marketplace relations in Pakistan. Secondly, three empirical chapters (Chapters 6-8) set out the study's findings on the role of Batkhela bazaar and its SC in the local governance of Malakand. These empirical chapters are then followed by a synthesis chapter which speaks directly to the SC theoretical framework developed in Chapter 3, before Chapter 10 concludes the study. Further details of each of these chapters are provided in the following paragraphs.

Chapter 2 reviews the key literature on both decentralisation and marketplaces, with the aim of offering a relational understanding of the marketplace-local governance interaction. It first develops a political economy framework in a Bourdieusian tradition by demonstrating that existing decentralisation models are unable to account for the dynamic marketplace-local government relationships, and by showing how Bourdieu's field theory better explains the interstices between formal and informal governance at local level. A review of marketplace-local government interaction follows, which explores the role of

marketplaces as an element of local governance structure, focusing primarily on the implications of this role for the processes of political participation, regulation enforcement and social welfare provision.

Chapter 3 develops a social capital theoretical framework in a Bourdieusian tradition in order to understand the embeddedness of marketplaces in local governance (state institutions), and their interaction through SC. It argues that individual networks are the primary connectors of various governance sectors and that these networks are embedded in social, political and economic structures characterised by power asymmetries. Institutions and spheres of governance (fields) shape agency (habitus), which is embedded in multiple fields whose interaction depends on the exchange of different forms of capital (power). In this vein, the chapter links, through the notion of habitus, the cognitive elements of SC the nexus of field, habitus and practice, in order to develop an understanding of the role of marketplace-generated SC in various local governance processes. To explain the dynamic interaction of economy, society and polity at local level in this SC framework, the notion of embeddedness is employed, and is viewed beyond the institutional and structural variances developed by Polanyi (1944 [2001]) and Granovetter (1985) respectively. This section also shows how SC forms a critical link in the marketplace-local governance interaction.

Following this exposition of the context-dependent, relationally embedded nature of SC, Chapter 4 outlines the research design. Starting with critical realism (CR) as the foundation of the research design, the chapter chronicles the ontological underpinnings, epistemological position and methodological decisions specific to the theory and empirics of this research. It also includes reflections on some design considerations, such as the ethical issues involved, the positionality of the researcher,[9] and the implications for negotiating access, etc.

SC is context-dependent and so is its role in the interaction between the marketplace and local government. Therefore, Chapter 5 sets out the specificities of the context regarding the role of formal local government (LG) and the broader local governance structures in Pakistan, and the interaction between formal and informal institutions in this context. Reviewing the existing literature on local government, local governance, SC and marketplaces in Pakistan, the chapter elucidates the ways in which

[9] In addition to the traditional positionality concerns, such as male vs. female, insider vs. outsider, utilitarian (commissioned) vs. independent researcher, the author also reflects in this section on his unique positionality as a visually impaired researcher in the field.

marketplaces feature in the dynamics of interaction between formal and informal institutions at the local level. This chapter is broadly divided into two main parts: the first explores formal and informal local governance in the Pakistani context through the existing literature on marketplaces; the second is concerned with the political economy of the Malakand region. The focus in both parts is on the social structure of the local economy and its influence on local governance, in order to highlight the role of marketplaces as an element of local governance in Pakistan.

Chapter 6 empirically explores the development and evolution of the Batkhela Bazaar Union (BU) and its increasing role in the local governance structure of Malakand District. The BU is analysed as a specific case demonstrating the bazaar's role in generating associational SC within a particular governance context. This embeddedness also has implications for the power dynamics of the interaction between the political and bureaucratic fields, with implications for empowerment and political inclusion. Alongside demonstrating the increasing role of the BU in local politics, the chapter also highlights the centrality of individual networks for facilitating the collective action of the BU. It was found that traders' decisions to rely on the BU was correlated to their endowment of economic, social and political capital, to the extent that in some instances the BU relied on individual networks of powerful traders in the bazaar.

Against this backdrop, Chapter 7 focuses on the role of individual networks of traders in the day-to-day governance of Batkhela bazaar. While exploring the implementation of regulations relating to health, price and quality standards, this chapter analyses the role of both the networks of relationships in the bazaar and of the norms of cooperation such as trust and reciprocity in the development of various implementation processes. The chapter finds a dual role of SC in the everyday governance of Batkhela bazaar, firstly in stabilising economic exchange relationships in the absence of effective formal institutions, and secondly in obstructing the implementation of regulations relating to health, price and quality standards.

This leads to the problematic role of interpersonal networks in facilitating the functions of voluntary associations, and the implications of this for social welfare provision. Chapter 8 argues that, if associations are the sole unit of analysis, the examination of voluntary associations falls into the classic theoretical problem of ignoring the role of informal networks in the function of these associations (Norris and Inglehart, 2003). Therefore, the focus of the empirical analysis in Chapter 8 is on the totality of relationships that constitutes these associations. By adopting this approach, the chapter enhances understanding of the implications of bazaar-generated SC for the governance of

service provision in two ways: firstly by demonstrating the ways in which Batkhela bazaar is an element of the governance of social welfare provision alongside government institutions and social welfare associations; and secondly by making the distinct contribution of highlighting the resourceful value of interpersonal networks of individual traders in facilitating the role of SWAs in the provision of social services. Contra to the Beckerian rationalist approach to the functioning of interpersonal networks (Becker, 1974), interpersonal ties are viewed in this study as embedded in the order of social judgement through which they reflexively produce externalities for the governance of social service provision.

Chapter 9 synthesises the empirical findings and existing theoretical framework developed in Chapter 3 in order to showcase the theoretical contributions of this research. It begins by setting out the implications of the contiguous evolution of the marketplace and the political and bureaucratic fields for the generation and operation of SC. It then proceeds to show that the bazaar generates both individual and associational SC. Individual and associational SC on the one hand, and the bonding and bridging dimensions on the other, are interrelated: bonding ties facilitate the operation of bridging networks. The key theoretical point here is that these forms of SC are interrelated, and most of the bridging vs. bonding binaries result from misinterpretations of Putnam's argument on bonding/bridging as an analytical distinction. The theoretical argument of the present thesis, relating to trust as the product of habitus, is confirmed by the empirical findings. The relationship between trust and reciprocity is contextual and temporal. However, reciprocity is a mechanical law which structures an agent's habitus, with structuring effects on social exchanges characterised by power-dependence. The final section of this chapter assesses the aggregate role of bazaar-generated SC in the local governance structure. It is argued that the "dark" or "bright" sides of both associational and individual SC are determined by (1) the purpose of their use for private or public good; and (2) the alignment or misalignment between the operation of formal rules and the local norms of trust and reciprocity.

Chapter 10 concludes with a summary of the main theoretical and empirical contributions, reflections on the extent to which the research questions have been answered, a summary of the policy impact, an elucidation of the theoretical and methodological limitations of this study, and questions for further research.

Chapter 2 - Local governance and marketplaces: An integrated literature review

2.1 Introduction

This chapter presents an integrated literature review of two key components of this thesis: local governance and marketplaces. The review aims at conceptualising marketplaces as a key element of local governance. The major argument of this chapter is that the structure of formal governance offers a context for the evolution and role of marketplaces as an element of local governance. Local government is the level of governance with which marketplaces most directly interact. The interaction between marketplaces and government institutions at this level is determined not just by how local government administrations perform their functions, but also by how they evolve or whether the structure of local government (LG) is administratively or politically decentralised. Coming straight to the heart of the matter, decentralisation offers a central theoretical construct which can be used to look at the role of marketplaces in the local governance structure of developing states. Therefore, the existing approaches to decentralisation require a relational framework to better explain the dialectical interaction between the formal and informal realms of governance.

In this chapter, Section 2.2 explores the literature on decentralisation and local governance. It reviews three key political economy models and argues that Bourdieu's field theory can better explain state-society interaction at the local level. Section 3 shows that the weakness of decentralised local government as an outcome of institutional design is common across the developing world, but socioeconomic structures at the local level are also important. Therefore, local governance should be viewed in a relational framework as a dynamic interaction of institutional design and asymmetric socioeconomic structures. Section 4 reviews the literature on marketplaces to demonstrate their role as a key element of local governance and their influence on participation, the implementation of regulations, and social development. Finally Section 2.5 sets out the conclusions and key insights from this review for the development of the analytical framework which informs the rest of this thesis.

2.2 Local governance and decentralisation: From political economy framework to a field model

The term local governance is employed variously to refer to increased citizens' participation and inclusion in decision-making (Blair, 2000); local government-societal relations and the resultant governance arrangements at local level (Stoker, 2011); and

empowerment, participation and efficient service delivery (Meyerson, 2014). This literature broadly agrees that government policies do not shape local governance arrangements in isolation, noting that local government is only one element of the local governance structure (Stoker, 2011). As Andrews, Pritchett and Woolcock (2013) argue, "top-down" governance reforms are unable to bring meaningful and lasting change in local governance unless they incorporate the significance of local agents into these reform agendas. For instance, increased participation in decision-making and inclusive service delivery are the intended outcomes of local governance policies, but most of the developing world has failed to achieve these goals owing to the elite capture of state institutions at the local level (Manner, 1999, p. 91, cited in Blair, 2000). Therefore governance is not only governing by government (Fukuyama, 2013): instead, it represents the role of state, market and civil society as critical components of the concept of governance (Nadeem, 2016).

The questions that need to be addressed in analysing any governance arrangements should be: Who governs?; What is governed?; and At what level is governance carried out? (Steurer, 2013). Various governance models have been developed and assessed for understanding local governance (Pierre, 1999; Jessop, 1998; Termeer et al., 2010; Brinkerhoff and Brinkerhoff, 2015; Smoke, 2015; Faguet, 2015). Despite the varying modalities of governing in these models, such as the complexion of state-market relationships, modes of participation and areas of governing, the literature broadly agrees that local governance is embedded in the broader economic, political and institutional structure, and local government is an element of that structure (Pierre, 1999; Smoke, 2015; Faguet, 2015). Network governance models are unable to explain the role of local government in local governance in developing states (Stoker, 2011; Asaduzzaman, Kaivo-oja, Stenvall and Jusi, 2016). If inclusive decision-making, coordination and steering are the defining features of network governance (Parker, 2007, p. 122), most of the local governance arrangements in developing states and the interactions within these arrangements fail on this count (Grindle, 2002). Furthermore, the most important feature of network governance is heterarchy as opposed to hierarchy (Hooghe and Marks, 2003; Rhodes, 1996), the latter being the key feature of local governance in developing states (Termeer et al., 2010). This is mainly because most developing countries are a hybrid of tribal, agrarian and capitalist economic systems and practices, and understanding the functions and outcomes of decentralised governments requires an understanding of this context, which is characterised by asymmetric power relations and ineffective coordination between local governance actors (Nadeem, 2016).

In order to understand state-society relations in the developing state context, a local political economy model is required (Rondinelli, McCullough and Johnson, 1989). State institutions, both central and local, are one element in this model – along with the local economy and civil society – to explain the functions and effectiveness of local government (Faguet, 2015). This model places state structure at the centre of all other interactions, to support the view that all civil society (collective community) actions are structured in relation to institutions that are defined by the state (Harriss, 2001, pp. 37-38). In the present study, decentralisation is employed as a theoretical construct for three reasons. Firstly, decentralisation explains how people participate in formal governance processes at local level, or at least how these processes are influenced by people's participation. Secondly, it provides an understanding of the discrepancies between universal state institutions and their variegated local realities. Thirdly, it explains how the strengths and weaknesses of local government create interdependencies across the formal and informal spheres of local governance.

A key argument in the decentralisation literature is that decentralisation empowers local communities through change in the institutional design of LG (Haque, 1997). Undoubtedly, formal governance structures cannot achieve this objective alone (Hadiz, 2004; Nadeem, 2016), since local governance structures are shaped by a complex interplay of formal and informal governance processes. At the local level, the literature typically divides local governance arrangements into three broad sets of institutions: administrative (comprised of appointed officials), elected/representative (comprised of elected officials), and societal (comprised of market, community, civil society organisations etc). Social networks of actors located within these spheres overlap across these fields of power that shape local governance practices (Blair, 2000; Gulzar and Pasquale, 2017). There are three central theoretical perspectives on decentralisation: the deconcentration of functions to local administrative units; the delegation of powers and responsibility to local authorities; and the devolution of political powers with the aim of increasing local participation in local governance (Schneider, 2003).[10] To understand decentralisation as a theory of local governance, and its impacts on empowerment (participation), service delivery (economic

[10] This thesis primarily focuses on the deconcentration and devolution aspects of LG because: (1) in agreement with Agrawal and Ribot (2000, note 25), fiscal power is "just one of the powers that may be devolved in administrative or political decentralisation"; (2) the fiscal dimension as a direct link between the marketplace and LG is absent in Malakand District because local trade is legally exempted from taxes; and (3) the institutional design of LG oscillates between political and administrative decentralisation (see Chapter 5).

development), and redistribution (welfare) functions, three political economy frameworks have been developed specifically to explain local governance in developing countries.[11] These frameworks are reviewed because they explore not only the features, outcomes, strengths and weaknesses of local government, but also the dynamic interaction of the state with markets and society, and the role of power distribution and agency within this interaction.

2.2.1 Three theoretical frameworks on decentralisation: Why Bourdieu's field theory is needed

While drawing on the inadequacies of the neoclassical approaches and the public policy and finance theories on decentralisation, Rondinelli et al. (1989) developed an integrated political economy framework encompassing the political, social and economic dimensions of decentralisation and local governance. This approach focuses on expenditure efficiency, the allocation of resources, the characteristics of service users, institutional rules and alternative governance institutions. However, as Mohan and Stokke (2008, pp. 252-253) observe, this approach is state-centric and views citizens as consumers. It suffers from three limitations. Firstly, it is designed to implement the policies of decentralisation, instead of providing information about the interdependent nature of state, society and market institutions. Secondly, it lacks the account of embedded human agency, in particular that of citizens who are the major stakeholders in decentralised governance processes. And finally, although it encompasses the role of alternative governance institutions, such as voluntary organisations and private businesses at the local level, it overlooks local power relations, socioeconomic stratification, and the unequal provision of services which is a fundamental characteristic of many decentralised local governance systems in the developing countries (Bardhan, 2002; Bardhan and Mookherjee, 2005; Mookherjee, 2015).

The adapted analytical framework proposed by Agrawal and Ribot (2000) understands local governance in terms of actors, powers and accountability, with an integrative focus on political, fiscal and administrative decentralisation. Any change in local governance, according to this approach, is due to a change in the governance actors, their powers or accountability mechanisms (Agrawal and Ribot, 2000, pp. 23-26). This framework shows how various levels of governance are linked through accountability

[11] Other political economy models of decentralisation that investigate the motives of national actors to decentralise (Eaton et al., 2010), and development models that empower local communities through development aid (Mansuri and Rao, 2012, reviewed in Myerson, 2014), are not reviewed here simply due to their unidirectional "top-down" approach and inability to account for local power structures in shaping the dynamics of local governance (Hadiz, 2004).

mechanisms, how formal and informal realms of governance coordinate, and how accountability as power-dependence evolves through changes in the rules of governance (ibid., pp. 35-39). As Agrawal and Ribot argue, accountability is relational. It determines the level of influence of the societal actors, or citizens, on the formal governance actors. For instance, if powers are devolved to actors who are responsible to their superiors (deconcentration) instead of to their constituents (devolution), then decentralisation is unlikely to increase broader participation in governance. If powers are devolved to representatives who are accountable to their constituents, and if decentralised governance is to be effective, accountability needs to be exercised by constituents as a countervailing power to prevent arbitrary actions. However, Agrawal and Ribot treat user groups and formal governance actors respectively as harmonious entities, which implies an absence of conflict within the various spheres of governance, and that accountability mechanisms are sufficient to keep various spheres of governance in check. However, such assumptions impair understanding of local governance in the developing state context, where agents are embedded in multiple institutions and their capacity to bring about change in local governance is structured by the location of their agency in the local power structure (Andrews et al., 2013, pp. 4-5).

Faguet (2015) develops a more comprehensive, "bottom-up" model of decentralisation. While explaining variations in the accountability and service delivery at the local level in Bolivia and Bangladesh, Faguet (ibid., p. 30), following institutionalist scholars North, Olson and Williamson, argues that the varying patterns of accountability and incentives experienced by local officials explain variations in service provision; and that accountability and incentives are largely explained by the underlying understanding and dispositions that individuals must share if formal and informal institutions are to work effectively. Hence, as Faguet argues:

> "To understand decentralised outcomes, we must go beyond the organizations that produce success and failures in public service delivery, beyond the institutions in which they are enmeshed, and beyond even the informal rules and conventions that govern incentives. We must go down to the understanding of underlying dispositions and beliefs that drive social behaviours, and so help to determine where a particular set of organizations, and policies can successfully meet citizens' needs, or not. By focusing our analysis at this level, we can better understand the incentives faced by both the users and producers of the services, and hence the accountability faced by public servants" (ibid., p. 29).

Faguet's (2015) model comprises three main elements: the institutional design of local government (Shami and Faguet, 2015); the health and structure of civil society organisations (Putnam, 1993); and the local political economy and its impact on the local governance structure (Channa and Faguet, 2016). These elements impact the underlying dispositions and understandings of the governance environment that shapes the agency of public authorities and citizens in the local governance structure (see Figure 1). Faguet's model also demonstrates empirically how variations in the performance of identical formal governance structures are shaped by underlying dispositions and beliefs (Faguet, 2015, pp. 37-38). He notes (ibid., pp. 8-9) that a change in the institutional design from centralised to decentralised local governance leads to more effective governance. Nevertheless, he argues that institutional ineffectiveness can be remedied only through governance from below (ibid., p. 38). This not only has implications for the effectiveness of local governance, but also suggests that the robustness of local governance institutions is due to the structure of the local economy, the beliefs, understandings and dispositions of the agents shaped by incentive structures, and party competition at local level.

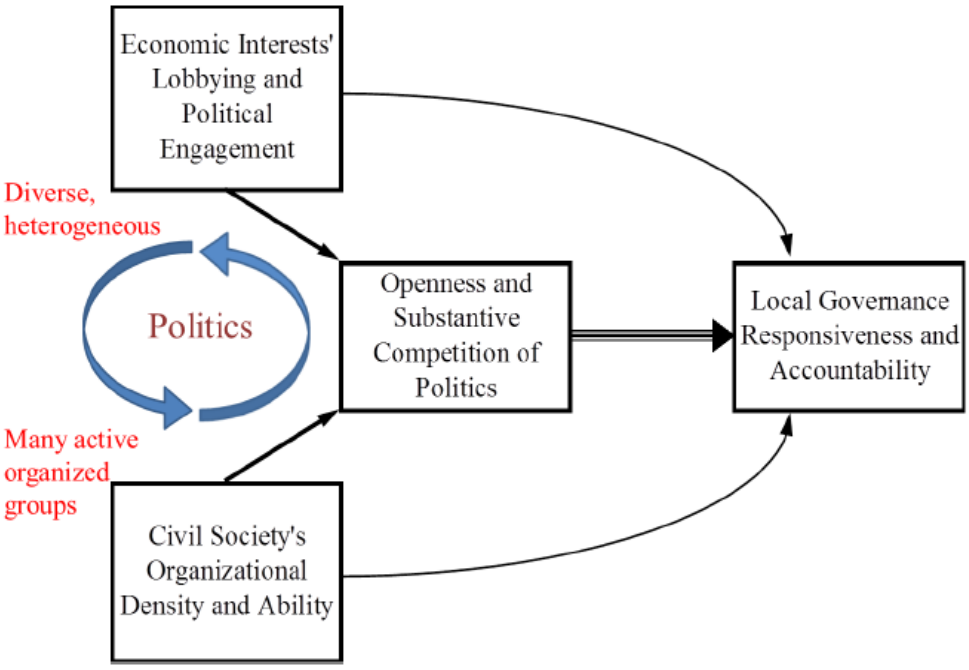


Figure 1: A theory of (local) government responsiveness. Reproduced from Faguet (2015)

The model shown in Figure 1 offers a meso-level understanding of the local environment, and links multiple levels of governance through upward and downward accountability mechanisms. It effectively explains the evolution of formal governance from centralisation to decentralisation. However, a primary limitation of this model is that it treats institutional design as a constant, and regards incentive structures, the local economy and civil society as primary determinants of institutional performance (ibid., pp.

41-42). Faguet (ibid., pp. 29-30) correctly argues that agents' underlying dispositions, beliefs and understanding of formal institutions affect their behaviours towards these institutions. However, the effectiveness of the state in the delivery of services and enforcement of regulations is as important as both civil society organisations and the structure of the local economy (Bourdieu, 2005, pp. 122-133). Therefore, socioeconomic structures are not the only determinants of agents' dispositions towards government structures, as Faguet (2015) argues: the quality of government institutions (the rule of law) and institutional capacity (the ability to create inclusive structures) are also important in this equation (Rothstein, 2013, 2017; Andrews et al., 2013). This means that institutional design cannot be considered constant, as Faguet (2015) believes: instead, changes in the electoral system create new spaces for engagement and influence the motives of public officials, political actors and other social groups involved in local governance (Gaventa and Valderrama, 1999; Gulzar and Pasquale, 2017). In this sense, the spheres of governance are integrally linked in a dialectical relationship (Cornwall, 2002), and are constantly evolving as an outcome of changes in public policy, the local economy, social structures and the underlying dispositions and attitudes of agents towards these changes (Mohan and Stokke, 2000, p. 263; Andrews et al., 2013).

Therefore, any attempt to view the state, society or the economy as disembedded is fruitless (Mohan and Stokke, 2008, p. 263). Furthermore, regarding institutional design as a constant obscures the causes of poor institutional performance (Nadeem, 2016). In their study of the conditions for effective decentralised local governance in Uganda and the Philippines, Azfar, Kähkönen, Livingston, Meagher and Rutherford (2000, p. 2) found that poor policy coordination, inadequate authority and resources, and the tendency towards elite capture were the major causes of the failure of decentralised local governance. This suggests that formal institutions are only one part of the story, albeit a very important one (Andrews et al., 2013).

To construct a dynamic model of local governance that incorporates state and society together, local governance should be viewed using Bourdieu's field theory approach (Stokke and Selboe, 2009; Dubois, 2012). This model will be more fully developed in Chapter 3 of the present study, but it is useful at this stage to outline a few of its features to incorporate institutional performance as an important determinant of local governance. Firstly, local governance structure is comprised of various fields, e.g. political actors, trades unions, government officials and institutions, etc. (Stokke, 2002, pp. 3-4). Secondly, these fields are a constellation of power positions (internally) and agents compete for positions (capitals) relevant to that specific field, but these fields are also

linked to each other, in that the effects of change in one field are felt in the others (Kluttz and Fligstein, 2016). Thirdly, the perceptions of agents, or social practices as a manifestation of those perceptions, are neither the product of social structures (spaces of positions), nor purely the products of habitus (internalised dispositions), but instead are a reflexive engagement between habitus and specific fields within which habitus is constituted (Odabaş and Adaman, 2014b; Stokke, 2002, pp. 8-9). Roles across the spheres of governance are internalised, in that the points of view that agents take on the field is a "a view taken from the field in point" (Bourdieu and Wacquant, 1992, p. 101). This relationship between habitus, capitals and the fields in which these capitals are relevant structures the interactions between the local economy, politics and governance institutions.

2.3 Institutional effectiveness and the local economy: Two key determinants of local governance

Whether decentralisation improves governance still lacks a conclusive answer (Rondinelli et al., 1989; Channa and Faguet, 2016, p. 199). However, it arguably brings government closer to the people, a principle which can be decomposed into three main analytical advantages: providing greater information about local needs; delivering greater participation of citizens in decision-making regarding public services; and ensuring the responsiveness of public officials to their voters. Despite these advantages, decentralisation has failed to improve local governance and service delivery (Channa and Faguet, 2016, p. 200). Two factors that shape social structures – the quality of institutions (measured through government effectiveness) and the local economy – explain the failure of decentralisation to improve governance (Smoke, 2015, p. 260).

2.3.1 Ineffective decentralised governments across the developing world

With a few notable exceptions, local government is frequently ineffective across much of the developing world. The ability of the state to perform its expected functions is the foremost condition for improving governance through decentralisation (Bardhan, 2016, pp. 11-12). Resource inadequacy, the incomplete devolution of authority and a lack of commitment on the part of central governments are some of the factors that lead to ineffective formal governance structure at local level in the developing world in general, and particularly in Pakistan (Farooqi, 2013, p. 58; Eaton, Kaiser and Smoke, 2010, p. 2). Grindle (2011) notes that the lack of appreciation for these processes is a major cause of the failure of many decentralisation reforms. Table 2.1 reviews the empirical evidence on decentralisation in Africa, Latin America and Asia to demonstrate the pervasive weakness of formal governance institutions at the local level across the developing world (Agrawal and Ribot, 2000, 2006). This demonstrates that the ineffectiveness of government in the

provision of services is due not only to the governance structures from below, but also to the quality of government institutions, the design of decentralised local government, and the motives of institutional designers (Boex, Ammar, Devanne, and Benjamin, 2016, p. 4). In this context, the role of local government (LG) in local governance in Pakistan will be further explored in Chapter 5 of the present study.

Table 2.1: Decentralised governance, service delivery and cases from the developing world

Author and context	Focus of study	Key findings
Crook and Manor (1998): Comparative study of Asia and Africa, highlighting Bangladesh	Pattern of service provision	Pattern of service provision reflected "elite bias, the domination of patronage, extensive corruption and electoral manipulation. Vulnerable groups received few of the resources provided" (pp. 233-234).
Francis and James (2003): Uganda	Developing participatory mechanisms for service delivery	Politicians and officials lack capacity to make realistic development plans; financial resources are insufficient; decisions seen as prerogatives of political representatives (p. 332).
Fiszbein (1997): Colombia	Provision of education, health, water, sanitation, roads, infrastructure and agricultural extension	Respondents reported greater satisfaction due to the responsiveness of authorities, and regarded local government as more responsive than central government.
Mukandala, (1998): Tanzania	Service delivery benefits	Service delivery benefits not targeted at the marginalised and poor; local representatives lack ability to make delivery more responsive.
Wunsch (1998): Comparative study of S. Africa, Swaziland and Botswana	Institutional performance in service delivery	Presence of resource availability, authority and political process leads to improved institutional performance in service delivery. All three variables were high in Botswana.
Diaz-Cayero, Magaloni and Ruiz (2014): Study of traditional vs. official governance in Oaxaca, Mexico	Provision of public goods	Municipalities governed by traditional forms of collective choice enjoy improvements in electricity provision, a larger reduction in monitoring, and no differences in political entrenchments by local political bosses, compared to control group municipalities.
Granatas and Sanchez (2014): Privatised vs. non-privatised service delivery in Colombia	Provision of water and sanitation services	Municipalities which privatise water and sewerage services have higher child mortality than municipalities where these services remain in the hands of local government.
Goncalvez (2014): Econometric analysis of municipalities in Porto Aligre, Brazil	Impact of participatory budgeting (PB) on service provision and public sector outputs	Municipalities adopting PB increase spending on health and sanitation more significantly than others (by 20-30% of the sample mean), and have lower infant mortality rates.
Guess (2005): Pakistan, Indonesia and the Philippines	Institutional design as a way to improve local governance	Policy failures caused by lack of consideration/ appreciation of background support, local technical capacity, design and sequencing, local cultural and institutional structures.
Smoke (2003): African countries	Institutional design and "top-down" decentralisation	Failure of decentralisation to improve governance is due to motives of institutional designers.

Source: The author

Table 2.1 outlines a general picture of the developing world that reflects an inherent weakness of LG (Saito, 2007; Smoke, 2015). The essence of decentralisation is the devolution of authority, resources and responsibility to mandated elected local government officials who can work free of central control (Channa and Faguet, 2016, p. 10). The table also demonstrates that decentralised governments in developing states share some features, such as the limited availability of resources to perform service delivery functions, the failure of decentralised governments to improve governance, and the incapability of a unified theoretical approach to account for governance processes in different contexts within developing economies (Scot, 2009, pp. 6-9). Perhaps for this reason, Faguet (2014) emphasises a broader definition of governance to demystify the structures and processes of decentralised governance in the developing world. Nadeem (2016, p. 973) observes that decentralisation projects are grounded in a fundamental belief that it is flaws in the planning and execution of decentralisation programmes, and not the social, economic, cultural and political environments in which these programmes are set, which ultimately determine their success or failure. For this reason, variations in a range of local institutions as a consequence of distinct cultural, social and political institutions are largely overlooked. Nadeem concludes that, contrary to the neoliberal designs of decentralisation, which tie the efficiency of decentralised governance to the technical training and skills of officially trained technocrats, a context-society-politics-centred approach is required to understand the structures, mechanisms and processes involved in local governance.

This is not to suggest an absence of influence by the state's agency. Instead the state plays an active role in explaining improvements or deterioration in local governance (Lowndes and Wilson, 2001; Teles, 2012b). For instance, the empirical literature on decentralisation and local governance points towards institutional design as a major factor in the failure of local government to enhance government capacity, service delivery, empowerment and participation (Boex et al., 2016). Studies on Bangladesh (Haque, 1997), Zimbabwe (Jonga, 2014), Cambodia (Eng, 2016), India (Nixon and Miller, 2011), South Africa (Andrews et al., 2013) and Pakistan (Shami and Faguet, 2015) show that local government is designed to exercise fewer powers, which raises concerns regarding officials' capacity to implement government policies at local level. The problem lies with the motives of institutional designers (Nixon and Miller, 2011; Guess, 2005; Eaton et al., 2010). However, Faguet (2007), in his study of Bolivian municipalities, found a change in the patterns of investment in human capital and social services as an outcome of decentralisation. Faguet's key argument is that local government is more responsive to local needs. Doubtless this is true; however, for local government responsiveness to

function effectively, institutional design in terms of adequate powers and the availability of resources for service delivery is essential (Azfar et al., 2000).

In addition to the empirical case studies summarised in Table 2.1, the literature on decentralisation offers ample evidence of the failure of local government in effective service delivery. Farooqi (2013), for instance, argues that institutional performance is key to improving service delivery. However, in Pakistan, a lack of resources, lack of capacity and unresponsiveness affect the institutional performance of LG (Manning, Porter, Charlton, Cyan and Hasnain, 2003, pp. 9-10).[12] Employing a subjective characterisation of the "public ends" of various health activities, Hutchinson and Strumpf (2005) offer evidence of the declining allocation of LG finances to public goods and increased allocation of their shares of budgets to publicly financed private goods. These findings, along with others on the ineffectiveness of decentralised governments, are, according to Channa and Faguet (2016, p. 7) compelling arguments for showing that decentralisation does not improve service delivery in all instances, especially where "top-down" models without realistic considerations of local needs and aspirations are implemented (Andrews et al., 2013, p. 6). This inability of local government to deliver services was projected two decades ago by Crook and Sverrisson (1999). They argued that the lack of technical, financial and human resources would prevent effective service delivery by LG. In addition, the motives of the institutional designers in keeping local government weak is one of the determinants in the larger equation of using institutional performance to improve local governance (Farooqi, 2013).[13]

Nevertheless, a spate of literature, systematically reviewed by Sujarwoto (2017) and Sarker, Bingxin, Sultana and Prodhan (2017), offers empirical evidence that decentralisation as an institutional change has both positive and negative impacts on various aspects of governance, such as public spending, service delivery, bringing decision-making closer to the people, etc. Decentralisation determines the formal rules of participation, the collection and spending of revenues, the performance of service delivery functions, and the management of public facilities by governments (Smoke, 2015). Decentralisation as an institutional reform does not, and cannot, do all this from above (Faguet, 2015); it does, however, perform the most important function of what Brinkerhoff (2015, pp. 46-48, 53-55) calls "institutional unfreezing". Samson and Houessou (2018) empirically show that the ability of LG administrations to perform these functions

[12] Boex et al. (2016) in their review of local government in Asia and Africa identify similar factors affecting the performance of local government in otherwise comparable urban governance contexts.

[13] For a theoretical argument on this point from a Bourdieusian perspective, see Dubois (2012).

determines citizens' perceptions of them. How local environments respond to institutional changes is a contextual question, determined by local political realities (Smoke, 2015). Public sector reforms create a wide variety of incentive structures, both at the centre and the periphery. Given this variation, the exact form that decentralisation takes and the outcomes that it produces also vary considerably (Brinkerhoff and Brinkerhoff, 2015). This variation requires an examination of the local political economy and related social structures that determine the ability of institutions to bring change as an outcome of their implementation (Smoke, 2015, p. 260). Therefore, it is necessary to move beyond simple "top-down" (Fukuyama, 2013) and "bottom-up" (Faguet, 2015) perspectives of local governance.[14] Instead, decentralised governance need to be viewed as a process in a relational framework.

2.3.2 Economic structures, power asymmetries and local governance

For effective local governance, the structure of the local economy and corresponding social structures play an important role in determining how LG operates (Faguet, 2015). Smoke (2015, p. 260) notes that the local economy, social structures and local civil society, along with informal accountability mechanisms, may even frustrate the operation of well-designed LG systems. Unequal social structures, elite capture, and the bureaucracy-elite nexus are common themes in the decentralisation literature (Haque, 1997; Bardhan and Mookherjee, 2000; Mookherjee, 2015; Cheema and Mohmand, 2006). Reviewing the political economy and public choice literature on decentralisation, Bardhan and Mookherjee (2000) point out that the lower the level of governance, the higher the level of elite capture. The social structure of the local economy accounts for the variations that exist in the operation of local government at the subnational level (Bourdieu, 2005). Elite capture, an important barrier to improving governance through decentralisation, has its roots in the structure of the local economy. Testing for elite capture in 80 countries, Bardhan and Mookherjee (2005) found that decentralisation resulted in improved service delivery in areas with low poverty rates, while in areas with high poverty rates the situation worsened. If empowerment through participation, along with improved service delivery, are the goals of decentralisation reforms aimed at improving governance, the literature demonstrates that elite capture prevents decentralised governance designs from achieving

[14] Pure public policy perspectives on governance (Fukuyama, 2013), new public management on building partnerships from above (Brinkerhoff and Brinkerhoff, 2015), or new institutionalist approaches, are of little help in this connection. For an interesting critique on the latter, especially in the developing state context, see Khan (2010) and Goodfellow (2017).

these aims (Smoke, 2003; Olowu, 2003; Blair, 2000). The literature on Pakistan (Manning et al., 2003; Martin, 2015; Hussain and Hussain, 2009), India (Blair, 2000; Mosse, 2004) and Africa (Olowu, 2003, p. 41) demonstrates that local governance reforms are unable to increase participation and service delivery owing to hierarchical social structures. In such instances, decentralisation has improved only targeted service delivery (Mohmand and Cheema, 2007).

Without considering local power structures, any a priori assumptions regarding decentralisation reforms to improve participation and service delivery are flawed (Bardhan, 2002, p. 202). The structure of the economy explains why subnational outcomes of a universal decentralised governance design vary. Faguet (2015), in his "transformation from below" model, demonstrates that, where the local economy is dominated by a limited number of firms, local government fails to serve the general interest, whereas a more diffuse local economy with a large number of firms of equal size will make it difficult for a limited few to dominate, leading to a more responsive service delivery. Mohmand and Gazdar (2007, pp. 7-10), in their study of six districts in Pakistan, found that patterns of land holdings were an important factor in explaining citizens' access to the state in rural Pakistan. They found that the capture of state institutions was lower in the districts characterised by greater land fragmentation. Similarly, in Bangladesh, the division of the social structure between *boralog* (rich people) and *chotalog* (poor people) has prevented successive institutional reforms from building meaningful partnerships for improved participation and service delivery. Although institutional reforms cause a temporary shift in local power relations, repeated government efforts to preserve the dominance of the rich often cuts out the poor from participating in the system. These power asymmetries bear on formal institutional designs in two ways. They may result in the failure of the state to effectively engage the local population, as Olowu (2003) observes in African villages. Institutional design may provide representation on councils, as in the case of the Scheduled Caste (the former "untouchables" or Dalits) in Karnataka, India, but their representatives were found to be following the diktats of their patrons instead of working in the best interests of communities (Blair, 2000).

Therefore, in most developing countries, formal institutions exist, but their operations may be affected by informal institutions that mainly preserve the interests of the powerful (Goodfellow, 2017).[15] Highlighting the failure of mainstream neo-institutionalist

[15] This can also be viewed as what Andrews and Bategeka (2013, p. 5) call the "gap between forms and functions" of LG institutions.

approaches to ensure full engagement with formal institutions and deal with power relations, Goodfellow (ibid.) argues that the power of elite groups lies in the capitalist evolution which underpins institutional arrangements. This "political settlement approach" has two important implications for the relationship between formal and informal institutions in structuring local governance. Firstly, it argues that informal institutions are adaptive in their functions, and that they operate in relation to formal institutions (Khan, 2010, p. 1). Secondly, "capital holding" (access to material resources) determines a group's power to influence formal institutions (Goodfellow, 2017). However, this approach has limitations of its own. It remains theoretically and empirically underdeveloped for analysing governance at subnational level (ibid., pp. 199-200). In its focus on institutions, capital and groups/factions, its treatment of individual agency that reflexively engages with these structures is superficial. In addition, it is unable to explain the functions of social ties in a context characterised by differentiated endowments of capitals. Finally, it has little to say about both the individual and collective agency of the poor and its role in changing power configurations, either as an outcome of economic restructuring (Schulman and Anderson, 1999) or of change in the formal governance structure.

In order to enhance participation, improve service delivery and create inclusive governance structures, some researchers argue that building partnerships with civil society offers the best possible alternative (Asaduzzaman et al., 2016). This is proposed because any attempts at constructing a social order based purely on the state's capacity have failed to achieve the intended objectives in most of the developing world (Johnson and Wilson, 2000). However, the structure and functions of civil society in most developing countries is underpinned by the structure of the local economy.[16] As Bardhan and Mookherjee (2000, p. 138) conclude, the elite capture of local government depends on the level of economic inequalities which influence participation structures. The literature on decentralisation and business development highlights the centrality of the local economy to the success of state-civil society partnerships. For instance, Das's (2000) study on Kerala, India, shows that in areas where democracy is solidaristic and land distribution is relatively egalitarian, municipal government, along with bankers and other social groups, is taking the lead in launching initiatives for local business development. Zhang (2002), in his study of

[16] As Varshney (2001, p. 370) convincingly argues, civil society, if viewed as assemblage of individuals in a community or neighbourhood on matters of public relevance, the form that it takes, associational or informal gathering, depends on the degree of urbanisation and economic development, as well as on the nature of political system.

decentralisation and urban governance in China, demonstrates that the level of economic development is a critical determinant of state-society relations at the local level. Nevertheless, where levels of inequality are high, partnerships are unlikely to improve government effectiveness in the implementation of regulations and service delivery. Instead of promoting state-civil society relations for improved governance, it strengthens political society with adverse outcomes for formal governance (Chatterjee, 2004, Chapters 3-4).

Interestingly, Sellers and Jefferey (2016, p. 474) attribute the incapacity of local government to the "fragmented informal economy, and hierarchically organised domestic firms which functions as a hurdle to effective local governance". This may be true for fiscal decentralisation because the informal economy is inaccessible to the "long arm of the centralised state", as Bardhan (2016, pp. 11-12) notes. The relationship between the state and the informal economy at any level of governance is not that simple, and the literature shows that the informal economy generates mechanisms of solidarity where state institutions have limited capacity (Portes and Haller, 2005, p. 401-410). It has the potential for collective action that may generate positive externalities for local government. Evidence from Ghana (Grossman, 2016), Mali (David, Oliver, Zelezeck and Majoe, 2001), Indonesia (Rachmawati, 2013), and Peru and India (Roever and Skinner, 2016) suggests that associations of street vendors may help local government to generate revenue or resolve conflicts over the use of public spaces. In this way, the informal economy helps in the development of informal institutions that substitute for the incapacity of formal institutions (Lyon, 2007; Amoako and Lyon, 2013). The present study is not concerned with the revenue generation capacity of the informal economy or marketplaces for local government, for reasons that will be explained in Chapter 5. Furthermore, the unit of analysis is not the informal economy per se, but marketplaces, requiring a focus on specific political, social and economic factors (Morales, 2009). To this end, the following section reviews the literature on marketplaces as an element of local governance. The review centres on the role of marketplaces in three central local governance processes: participation, implementation of regulations and service delivery.

2.4 The role of marketplaces as an element of local governance

The role of marketplaces as a key element of local governance is increasingly recognised in both the global North and South (Porter, Lyon, Potts and Bowyer-Bower, 2004; Morales, 2011; Janssens and Sezer, 2013). Their integrative potential lies beyond the market floor, in the institutional infrastructure and power dynamics of local governance structure (Schappo and Van Melik, 2017). This is due not to their traditional role as a

public space, or limited utility in facilitating LGs' revenue generation (David et al., 2001, p. 35), but to their increasingly proactive (Monteith, 2015) and reactive role in local politics (Mehta and Gohil, 2013; Dines, 2007; Marcinczak and Van Der Velde, 2008). This role generates both positive and negative externalities for local governance. There is very extensive literature on marketplaces (for reviews see Plattner, 1989; Porter et al., 2004; Pati-Sharman, 2011). This section focuses on three dimensions: political participation and inclusion; influence over local government's capacity for enforcement; and local government's role in the provision of social services.

Markets can be organised along many lines (Aspers, 2009; Ahrne, Aspers and Brunsson, 2015). Defining marketplaces and exploring their role in local governance requires careful consideration of their different names, settings, governance and scales, and the scope of their economies (Morales, 2011). There are many different names for and types of marketplaces, including public markets, municipal markets, farmers' markets, street markets, flea markets, craft markets, swap meet markets (defined as markets where goods are exchanged, although in reality they are often sold), or wet markets, i.e. those selling fresh produce rather than consumer durables (Morales, 2011, p. 4). In addition, there are periodic markets, festival markets and night markets, among others (Pati-Sharman, 2011). Settings include public rights-of-way, indoors in a variety of buildings, outdoors in car parks, in the open air at allocated spaces, inside covered sheds, or inside a cluster of mobile containers, and elements of these are included in market districts or in the bazaars (Alff, 2015; Morales, 2011). They may also be a cluster of portable stalls (Mehta and Gohil, 2013), or fixed shops in a bounded space (Jan, 2014). Governance of these marketplaces includes public, private or a mixture of public-private partnership (Morales, 2011, p. 4); planned or unplanned (Lindell, 2008); or self-organised, owned neither by the government or by private managers (most common in the developing states) (Varman, Costa and Eccles, 2009). Marketplaces may be taxed, illegal or constitutionally exempted from taxes (Khan, 2017a). Finally, in terms of their scope, marketplaces may be international/transnational, national, regional or local (Kaminski and Mitra, 2012; Favre, 2004). Marketplaces are not ungoverned spaces (Schoofs, 2015), but rather are an active element of local governance (Monteith, 2015). Their role in local governance is determined by their defining characteristics, based on the types described above.

The focus of the present empirical analysis, Batkhela bazaar in Pakistan's Malakand District, is a fixed, self-organised informal marketplace that hosts diverse trades and is deeply rooted in its social and political context (Ünlü-Yücesoy, 2013; Schappo and Van Melik, 2017). As Erami and Keshavarzian (2015) argue, marketplaces are bounded

spaces containing a series of socially embedded networks that facilitate the exchange of certain commodities. Marketplaces are not only bounded physical spaces: they have a regulatory system of their own, one that is built on multifaceted relationships and mechanisms. This embeddedness has implications for governance as an interaction between formal and informal institutions. This interaction, as noted in the previous section, is shaped by the distribution of capitals, and by the struggle over these capitals. This means that marketplaces, as fields of power and governance spaces, are shaped by the power relations which both surround and enter them (Gaventa, 2006; Cornwall, 2002). In this context, marketplaces as an element of local governance influence the processes of participation, regulation enforcement by local government, and provision of social welfare services. These three areas are explored in more detail in the following sub-sections.

2.4.1 The impact of marketplaces on participation in local politics

Marketplaces create opportunities for social and political inclusivity in otherwise conflictive environments (Watson, 2009; Janssens and Sezer, 2013; Schappo and Van Melik, 2017). In this sense, they can be viewed as claimed/created participation spaces that influence the politics of the electoral field of local government. Evidence from Africa, Latin America and Asia suggests that marketplaces influence local politics in three broad ways: through the participation of traders' communities in local government elections owing to the traders' rising economic power (Javed, 2017); by influencing the decisions of local political parties in their choices of electoral candidates (Grossman, 2016, p. 11); or through the creation of power-dependence relationships between the traders' communities and the local political elites, which leads to patronage politics. The major source of marketplace influence on the electoral field of local governance lies in their street and shutter power that creates incentives for political elite and local administration to consider traders' concerns (Grossman, 2016; Javed, 2017). Evidence from marketplaces in Uganda suggests that fear of traders' protests and incentives created by their voting behaviour can even shape competition between municipal and national government (Goodfellow and Titeca, 2012). This is due to the significance of marketplaces in electoral politics "as centres of communication and containers of large number of votes" (Monteith, 2015, p. 60). Roever (2016), in her study of street vending in India, suggests that traders' ability to influence the policies of an administration is greater in contexts where they enjoy political patronage.

Electoral politics in politically decentralised districts create incentives for political leaders to forgo enforcement against poor traders (Holland, 2015). Holland's (ibid., p. 2) argument is predicated against the conventional wisdom of institutional weakness and state

capacity. It is argued that electoral incentives are important but not the only determinants of empowerment and inclusivity produced by marketplaces (Polese, Morris and Rekhviashvili, 2017). Importantly, Holland (2015) concludes that rather than state weakness, it is the political agency of traders, especially of the poor, that explains their capacity to influence governance structure. However, unlike Holland's focus on electoral incentives, it is argued that marketplaces bring change in the "deep governance structure", where the capacity of the poor to exercise political agency lies in the distribution of power (Polese et al., 2017). Focusing on this level allows an understanding of how traders exercise political agency in oppressive governance structures (Gillespie, 2016). In other words, the evolution of marketplaces influences political participation, but its implications go far beyond non-enforcement and electoral incentives (Javed, 2017).

The significance of marketplaces in the electoral field increases the political agency of traders, which often obstructs the enforcement of regulations (Gillespie, 2016). Roever (2016) and Goodfellow and Titeca (2012), in their respective studies of Indian and Ugandan marketplaces, demonstrate how the political patronage of marketplaces frustrates the ability of municipal government to enforce regulations. Monteith (2015, p. 58) found that unresponsive government policies that deprived traders of the outcome they desired also created tension within the marketplace between those who embraced government initiatives and those who were seeking patronage to obstruct government policies. Roever (2016) argues that, where political patronage is higher, the ability of traders to obstruct regulations is greater. Moreover, Polese et al. (2017), in their study of street vendors in Georgia, found that the embeddedness of marketplaces and enforcement officials in local social norms obstructed the policies of central government. Evidence from London (Dines, 2007), Ukraine (Marcinczak And Van Der Velde, 2008), India (Mehta and Gohil, 2013) and Iran (Erami and Keshavarzian, 2015) demonstrate how the social embeddedness of marketplaces hinders the implementation of government measures aimed at improved governance. These studies, with the exception of the research by Erami and Keshavarzian (2015), suggest that the role of marketplace social embeddedness as an obstruction to local government policies is largely reactive.

Overall, rather than the absence of the state, it is the degree of the state's intervention in the marketplace that determines the latter's role in local governance (Grossman, 2016). The participation of markets in wider governance is shaped by their interaction with state institutions (Monteith, 2015, p. 58). In some instances, the state may directly intervene not in the marketplace, but in broader political struggles whose influence

is felt in the ways the marketplace impacts on the local governance structure.[17] For instance, elite capture is a central problem in developing states and particularly in Pakistan. Marketplaces emerge and evolve in a hierarchical social space where state institutions favour the dominant class. Nevertheless, economic transformation as an outcome of marketplace evolution mitigates political exclusion (Jan, 2014) with implications for the empowerment of the marginalised by enhancing their access to state institutions (Chaudhary, 1999; Martin, 2015; Khan, 2017b). It does not imply that "the magic of the marketplace" creates a space where power struggles among diverse groups dissolve as an "interaction effect" of the marketplace (Watson, 2009; Ahmed, 1980): instead, its generative potential offers a degree of empowerment to marginalised groups (Kelly, 2003; Peña, 1999) which is manifested through the marketplace's embeddedness in local politics (Varshney, 2001).

2.4.2 The impact of marketplaces on local government regulation of marketplaces

City and local government authorities have a range of potential responsibilities in relation to regulating local markets; however, it is important to be cautious about the capabilities and constraints faced by local authorities in the governance of marketplaces (Porter et al., 2004, p. 41). Porter et al. (ibid., p. 42) further note that a lack of staff capacity to design and implement programmes, insufficient financial resources, the influence of central government and a lack of dialogue with the private sector are the major constraints to the capacity of local government. Regulating food quality, the hygiene of sale points and prices, levying taxes on production, standardising weights and measures, providing security for the area where the market is situated, and controlling unauthorised goods are some of the major functions of local government relating to marketplace governance. Porter et al. (ibid., p. 42) note: "The likelihood of local governments being able to take on these activities is fairly remote without greater fiscal capacity."

Place-based specifications of the role of local government in regulating marketplaces are also important determinants of the scale and scope of LG control of marketplace activities. For instance, LG powers to levy taxes on local markets determine whether marketplaces should be managed by the municipality or privatised in order to generate greater revenues (David et al., 2001, p. 35). Some institutional designs may

[17] On this point, Lindell's (2008, pp. 1,897-1,898) notion of dispersed yet centred authority is helpful. In her study of a street vendors' market in Maputo, Mozambique, she shows that authority and power may be dispersed but the state remains an important actor, in that its important practices impact decisively on the lives of the vendors and their associations.

completely remove this incentive for LG by constitutionally curtailing its powers to levy taxes on local markets (Khan, 2017a).

2.4.3 The impact of marketplaces on the provision of social welfare services

The social embeddedness of marketplaces generates positive externalities for local governance that accommodate or act as a substitute for the ineffectiveness of formal institutions (Helmke and Levitsky, 2004). These positive externalities are multifaceted and contextual, ranging from promoting diversity and inclusivity (Watson, 2009) to the facilitation of urban development strategies (Janssens and Sezer, 2013). The externalities that marketplaces can generate in the developing state context range from a source of quick economic recovery in a post-conflict setting (Suleri et al., 2016) to employment generation (Alff, 2015) and ensuring food security (Ahluwalia, 2003). This role of marketplaces is especially significant in contexts where the government's capacity for providing social welfare is in short supply. Traders' associations provide welfare support for market traders and contribute to the development of infrastructure (Smith, Harlan and Luttrell, 1994; Javed, 2017), as well as developing lending facilities for traders (Porter et al., 2004, p. 47). Moreover, the institutional embeddedness of the marketplace economy makes it an important resource for fund-raising for religious welfare associations (Taylor, 2018, pp. 266-267). The resourceful value of marketplaces in the provision of social welfare is not limited to religious welfare associations; rather it extends to the wider notion of civil society organisations (González-Torre, Pilar and Coque, 2016).

This suggests that marketplaces contribute to the social development not only of the traders but also of wider society (Vermaak, 2014, 2017). The role of marketplaces in social development has historically evolved. Traditionally, alongside their role in revenue generation, marketplaces were an active source of support for mosques, public inns for travellers and a social community centre (Geertz, 1963; Ahmed, 1980). That role has evolved into support for other community development activities, especially providing care for vulnerable sections of the society. Watson (2009, p. 1,585) argues that marketplaces generate social capital by providing care for the elderly and disabled. This is not simply the outcome of interaction effect: the "resourceful value" of markets for social welfare lies in their institutional settings (Vermaak, 2017). Marketplaces are a resource for non-profit organisations in the provision of food for the poor (González-Torre et al., 2016; Schappo and Van Melik, 2017), and other community organisations such as schools (Hüwelmeier, 2013) and mosques (Javed, 2017; Ashraf, 1988). This suggest the "resourceful value" of marketplaces can generate social capital for local governance. The marketplace literature on this topic in general, and particularly in the context of Pakistan, overlooks the ways in

which the "resourceful value" of marketplaces for social welfare translates into a role as an element of local governance in contexts characterised by ineffective LG institutions.

2.5 Conclusions and the way forward

The review and synthesis of decentralisation, local governance and marketplace literature in this chapter indicate the need to move beyond narrow conceptual frameworks that view governance from a unidirectional "top-down" or "bottom-up" perspective. This line of argument certainly invites criticism for being eclectic. However, without such a framework, the possibility of answering even simple questions relating to local governance is extremely limited (Faguet, 2015, p. 12). As demonstrated in Section 2.2.1, even the most encompassing decentralisation models leave out one or more important dimensions of local governance. Moreover, neo-institutional approaches to decentralisation are unable to explain the role of marketplaces due to their insensitivity to the role of individual agency, power and conflict in the formal and informal realm. Conflict, asymmetric power relations and social stratification also limit the scope for network governance approaches to capture the nuances of local governance in the developing world where steering and coordination remain underdeveloped. Reviews of the literature on local government suggest that indicators for measuring institutional efficiency are often selective (Narbón-Perpiñá and De Witte, 2018). This frequently leads to the wrong sets of questions being asked, and to narrow conceptualisations of local governance (Faguet, 2015). This tendency limits understanding of the role of marketplaces as an element of the dynamic local governance structures in the context of developing states. To understand the role of marketplaces as an element of local governance, any conceptualisation, narrowly structured in a single discipline, or focused on a single (traditional) indicator of local governance, lacks parsimony (Morales, 2009).

The key themes emerging from this chapter form the core of an analytical framework for investigating the dynamic evolution of marketplaces and their role in the local governance structure. These themes include institutional design (in terms of the quality and capacity of local government); the social structure of the local economy; networks of relationships; and individual dispositions and their power to exercise individual and collective agency in relation to these structures. Institutional design, social structures and the marketplace are linked in a dialectical framework. Change in any of these spheres of local governance has implications for the other spheres (Cornwall, 2002; Gaventa, 2006; Bourdieu and Wacquant, 1992). Individual dispositions, beliefs and understandings are shaped by these structures and their mutual interrelationship, which is evolutionary and dynamic. These structures have their "generative histories", which

implies that the development of networks of relationships, norms of cooperation, and their relative power vis-à-vis each other evolve owing to changes in their internal composition or their relationship to the field of power. In this context, networks of social relationships, internal heterogeneity and power struggles within and across these fields of power, and the influence of these changing structures on individual dispositions, shape the mutual interrelationship of the spheres of formal and informal governance. An analytical framework developed from these key themes in the next chapter is central to understanding how local government operates at the grassroots level (see Chapter 5) and what the outcomes of the transformative potential of marketplaces for the local economy and consequently for the operations of LG are likely to be.

The theoretical framework that will be developed in Chapter 3 uses SC with its structural and cognitive elements as a heuristic device to understand the role of marketplaces as an element of local governance. The underlying assumption is that SC is a critical link for delineating the marketplace's role in the local governance structure. Moreover, the dynamic interplay between the state, the marketplace and social institutions at local level, and its implications for the generation and outcomes of SC, are too complex to be explained by simple "top-down" or "bottom-up" models of local governance and SC. The major contention underlying this argument is that SC generation is possible through state intervention, but the capacity of the state and the degree of intervention are influenced by the structure of the economy and social structures, based on the distribution of capital. State policies to govern marketplaces are not constant. They are likely to emerge as critical responses to governance problems (Morales, 2011) or opportunities (Hummely, 2016) created by marketplaces. Likewise, the introduction of new governance rules entails reactions both active and passive from marketplace actors that require readjustment to the governing rules. A SC-local governance relational framework will therefore be developed to understand both the role of the marketplace as an element of governance structure, and the role of the SC generated by marketplaces in the interstices between the formal and informal institutions of local governance.

Chapter 3 – The role of social capital in understanding marketplace-local governance interaction: Developing a Bourdieusian conception

3.1 Introduction

The existing literature on the interaction between the marketplace and local governance rarely employs social capital as a theoretical construct for understanding this interrelationship. The reasons for this limited amount of marketplace-social capital literature lie in the manner in which SC is conceptualised (Lyons and Snoxell, 2005; Watson, 2009; Vermaak, 2017). Following Bourdieu (1972, 1986), this chapter develops a theoretical framework for social capital in order to understand the role of marketplaces as an element of local governance, and the role played by SC as a critical link in this process. To demonstrate how this link is formed, stocks of SC and their flows across various governance spheres need to be explored. To this end, this chapter theorises not only SC, but other central components of this research: governance institutions, embeddedness, marketplaces, social relationships and the power structures within which these relationships are embedded. Both individual and collective actions are framed within this context to explain the implications of SC for various local governance processes. It is argued that Bourdieu's notion of SC, together with his concepts of field, habitus and capital, have utility for understanding local governance-SC relations in developing economies (Mohmand, 2008), and can shed light on the current debates in relation to local governance, power relations and the provision of services (Hastings and Matthews, 2015). This framework allows for an understanding not only of how agents formulate and accumulate SC, but also how its different elements change with the evolution of different spheres of governance, and how their constitution is grounded in the broader rules of local social order where they operate.

The state is a major element of any endeavour to understand the role of SC in local governance (Huppe and Creech, 2012; Méndez-Lemus, Vieyra and Poncela, 2017; Lowndes and Wilson, 2001). However, there is a degree of circularity in the arguments of the three major exponents (Bourdieu, Coleman and Putnam) of SC when it comes to state-society relations (Tzanakis, 2013, p. 10). Bourdieu's notion of SC has been adopted for the current research owing to its ability to provide a better contextual understanding of the functions and outcomes of SC (Foley and Edwards, 1999). Unlike the concepts offered by Putnam (1993) and Coleman (1988), Bourdieu's notion provides for placing the state in a primary position, and, unlike Coleman's, Bourdieu's conception of SC does not argue for a

tautological conception of SC, nor does it view state-society relations as a zero-sum game (Tzanakis, 2013; Field, 2008). Hence, for understanding marketplace-local governance interaction in the weak state context of the Malakand region, where both collective and individual interactions shape various local governance processes, Bourdieu's relational approach is expected to have greater explanatory power.

To develop this theoretical framework, Section 3.2 reviews different conceptions of SC and uses a relational approach to delineate the role of both individual and collective networks within a given context. Section 3.3 focuses on Bourdieu's notion of SC in his theory of practice, which is the nexus of capitals (powers), habitus and field. Here, both individual and collective networks are equated with capital (i.e. social capital), and the cognitive dimensions of SC such as trust and reciprocity are linked to habitus. Section 3.4 reviews the SC literature on embeddedness in order to add Bourdieu's notion of field to explanations of the embeddedness of SC (in both its structural and cognitive dimensions) in various interconnected spheres of governance. The embeddedness of SC within these fields of power explains the synergy between the state, marketplace and social institutions that represent three embedded spheres within the local governance order. This embeddedness explains how SC forms a critical link in marketplace-local governance interaction. Finally Section 3.5 presents the conclusions of the chapter

3.2 Dimensions and elements of social capital: Developing a relational approach

Social capital is a multifaceted concept viewed through structural, cognitive and relational perspectives. This section reviews this literature to develop a relational approach for linking the structural and cognitive, and the individual and collective dimensions of SC. Throughout the 20th century, the term social capital has appeared in the literature in various forms and contexts, and differing conceptions of SC have been developed (Farr, 2014). The most systematic expositions have been developed by Bourdieu (1980, 1986), Coleman (1988, 1990) and Putnam (1993, 1995). These key proponents of SC adopt differing postulates on the relationship between the state and SC, and on the role of SC as public or private good, or individual or collective resource, and they propose distinct theoretical assumptions to explain the structure, functions and outcomes of SC (Field, 2008, pp. 44-46). However, there is broad agreement that networks of relationships and norms of cooperation (trust and reciprocity) matter (López and Santos, 2013; Woolcock, 2010). In addition, the effects of these networks, both associational and quotidian, are experienced by agents more directly at the local level (Varshney, 2001, p. 393). At the outset, however, an understanding of the views of Bourdieu, Coleman and Putnam on the role of individual

and collective SC, and the role of these forms of SC in state-society relations, requires scrutiny.

For Putnam, SC is a feature of social organisation and a set of civic associations, while for Coleman it inheres in the structure of social relationships. In this sense, it is an attribute of a group or community which overlooks interpersonal relationships (Fischer, 2001). Conversely, Levien (2015) views the Bourdieusian approach to SC as antithetical to collective action, and regards it as a theory of individual SC. However, the literature on voluntary associations views the Bourdieusian approach as having the potential to explicate the dynamics of inclusion and exclusion in these associations, along with their internal heterogeneity (Stolle and Rochon, 1998; Tacon, 2014). Here, the Putnamian distinction between formal and informal networks is important. Formal networks are modern voluntary civic associations, whereas informal networks represent forms of everyday engagements that connect individuals and families (Varshney, 2001, pp. 363-364).

Putnam (1995, pp. 66-67) associates the decline in membership of formal associations with the decline in social capital. Putnam's (1993) study on Italy categorises regions with an abundance of membership-based organisations as "civic", and those with a predominance of interpersonal ties as "uncivic" communities. The question here is not about the deficit of social capital or its absence from "uncivic" communities, but rather about the distribution of resources that determine the structure and functions of social capital (Gowan, 2010, p. 51; Tlili and Obsiye, 2014, p. 559). Moreover, social capital in developing countries has a different and more informal structure (Nooteboom, 2007). The literature on SC in developing countries offers evidence of an abundance and growth of informal social capital, even in village communities which lack association-based networks (Krishna, 2007). This literature argues that the level of economic development and urbanisation determines the existence of formal associations and their significance for local governance (Varshney, 2001).

Associational networks per se do not determine the effectiveness of governance, as Putnam suggests, nor they are formed entirely in the informal realm with varying and often opposing influences on the political system (Coleman, 1988, p. 99). As Varshney (2001, pp. 392-393) argues, the state controls the right of formal associations to exist. The question is also not simply about the existence of stocks of SC in one region or their absence in another (Coleman, 1988; Putnam, 1993). The structure of governance and the role of formal institutions is certainly a significant element of any social capital equation (Svendsen and Svendsen, 2003). Coleman (1988, p. 107) rightly observes that

organisations created for one purpose can be appropriated for other objectives, constituting important social capital for individual members who make their resources available to the organisation. However, Coleman's organisations, unlike those of Putnam, are based on network closure, which does not explain how social capital in its transition from an individual to a collective resource creates interdependence across varying associational networks. Putnam (2000, pp. 22-23), on the other hand, discusses bridging and bonding types of associations, where the former are cross-cutting associations with positive implications for economic development and local governance. In this sense, the SC of a community or a group acquires a normative overtone. This overlooks the issues of: (1) class, power, and domination (Fine, 2001; Field, 2008, p. 44-46); (2) the dynamic interaction between state and social structures; and (3) the "dark" side of social capital for local governance (Levi, 1996; Harriss and De Renzio, 1997; Portes, 1998).

Bourdieu's critical perspective on SC, in which he links SC to other forms of capital, answers some of these questions in relation to politics, development and state-society relations (Calhoun, 2006; Christoforou, 2014a; Mansuri and Rao, 2003, p. 9). This is not to say that Bourdieu's notion of SC is better able to explicate the relationship between formal and informal networks on the one hand, and SC and local governance on the other. Instead, it offers an explanation of the evolutionary dynamics of local structures of power and the role and interrelationship between formal and informal networks in the production and reproduction of power (Christoforou, 2014b).

SC has two key dimensions: networks and norms (Andriani and Christoforou, 2016; Krishna and Uphoff, 1999). The former refers to the structure of SC, while the latter refers to its content which governs cooperation among agents within a network or a group. The structural dimension is further divided into bonding (strong or close) and bridging (weak or horizontal) ties or associations (Granovetter, 1985; Putnam, 1993; Woolcock, 1998; Hawkins and Maurer, 2009). For Coleman (1988, p.105), bonding networks (closure of social networks) serve as an important resource, whereas for Putnam (1993, 1995) bridging or weaker ties are a more productive form of SC. As Putnam expressed it, bonding ties are essential for "getting by" while bridging ties are important for "getting ahead".

However, both of these approaches to SC displace the issues of power and inequality that are inherent in the structural dimension of social capital (Tlili and Obsiye, 2014, p. 559; Christoforou, 2013). Although Putnam in his later work (2000) emphasises the vertical and horizontal networks that have the potential to deal with the issue of power asymmetries, his assumed homogeneity of horizontal networks and the propensities of

agents to always produce positive externalities "hopelessly romanticises" horizontal associations (Levi, 1996; Harriss, 2001). None of these approaches, including that of Bourdieu, is free from limitations (Smith and Kulynych, 2002). However, as Field (2008) notes, the potential of the Bourdieusian approach to SC, which is mistakenly viewed as the narrowest approach, has yet to be realised. One way to realise the potential of this approach to SC as it relates to local governance is to combine it with the Putnamian concept, to see how both individual and collective SC together shape the dynamics of local governance (Pisani, Franceschetti, Secco and Christoforou, 2017). As Flora (1998, p. 498) argues, both bridging and bonding ties are critical to facilitate local developments.

The cognitive dimension of SC refers to the content of social capital. Although there is broad agreement in the SC literature that trust and reciprocity facilitate cooperation for achieving productive outcomes (Coleman, 1988, 1990, pp. 301-304; Putnam, 1993 p. 173), Bourdieu is thought to have paid limited attention to the notion of trust (Frederiksen, 2014). However, if viewed in a relational framework, Bourdieu's notion of habitus not only allows deep analytical insights into the role of trust as a component of social capital, but, as Frederiksen notes, it also helps in linking various dimensions of trust, e.g., personal, generalised and institutional. Reciprocity, on the other hand, can be viewed as underlying structural regularities or "mechanical laws" that not only serve as sanctions against the breach of trust, but also regulate (to varying degrees) the behaviour of the members of a network.

Again, the differences between the major proponents of SC regarding its cognitive dimensions are noteworthy. Coleman views trust as a characteristic of the structure, and associates higher levels of trust with closure networks (Coleman, 1988, pp. 99-100; Tlili and Obsiye, 2014, pp. 560-561), whereas Putnam (1993, pp. 88-89) gives primacy to "generalised trust" as an essential characteristic of SC, while his treatment of interpersonal trust is superficial (Fischer, 2001). It is argued that trust rests not merely in interpersonal networks, nor it is a quality of the social structure: instead it is a product of an agent's habitus that is constantly updated with his interactions with multiple structures and institutions. For this reason, trust is viewed as expectation relating to roles and rules in society (Uphoff, 2000, p. 220). In order to explicate its cause-effect relationship with reciprocity, trust needs to be deciphered into motive-based trust and competence-based trust (Blumberg, Peiró and Roe, 2015, p. 93; McAllister, 1995). This provides for exploring the linkages between institutional, social and interpersonal trust that shape the entire institutional and moral fabric of a society (Uslaner, 2008; Rothstein, 2013).

Reciprocity, an element of the cognitive dimension of SC, regulates cooperation within networks. It is distinct from, but closely associated with, trust (Wu et al., 2006; Torche and Valenzuela, 2011). The rise or decline of social trust is dependent on the norm of reciprocity. The SC literature broadly agrees that reciprocity is a norm that stabilises exchanges and cooperation (Putnam, 1993, p. 172; Coleman, 1990), generates externalities for others (Coleman, 1988, pp. 300-301), and finally transfers control of an agent's action to others (Putnam, 1993, p. 171; Coleman, 1990, p. 300). In Putnam's neo-institutionalist conception, the norm of reciprocity operates to solve collective action problems, and an agent's decision to defect limits his ability to have beneficial future transactions (Putnam, 1993, p. 172-3). Similarly, for Coleman, reciprocity, or control over an agent's actions, applies equally without any reference to the agent's capacity to defect (Karpik, 2014). This is mainly due to their tendency to view social capital as a normative concept and their limited attention to the issues of power and interdependence. Putnam, for instance, notes that hierarchical relationships are also governed by reciprocity, but that these relationships are more those of exploitation and dependence rather than of mutual recognition. Moreover, in such relationships, the upward application of sanctions is often ineffective, and the powerful actor may or may not accede to the norm of reciprocity (Putnam, 1993, pp. 175-177).

For the present study, reciprocity is operationalised as an exchange relationship characterised by mutual interdependence or power-dependence (Emerson, 1962; Molm, 2010). It is not only the product of repeated social interactions, or the collective ability of a community to ostracise defectors. It is rooted in the institutional structure or social order that manifests itself in various forms such as generalised, balanced or negative (Sahlins, 1972, pp. 194-196). Even the positions of powerful actors in more complex economies are dependent on the acts of generalised reciprocity (or what Sahlins calls generosity). Nevertheless, it is important to bear in mind that reciprocity is very much rooted in local institutions and observable in day-to-day practices (Mauss [trans Gunnison],1950: pp. 30-37).

On this point, Smith and Kulynych (2002, pp. 155-156) note that Coleman has some affinities with Bourdieu, and comes even closer when he argues that society is characterised by systemic interdependence among agents whose tendency to form relationships with others stems from their interest in resources that are in control of others (Coleman, 1990, p. 300). However, Coleman's conception of SC suffers from inconsistency when he argues that norms are intentionally created by agents to facilitate mutual benefits (ibid., p. 316) while emphasising elsewhere that the functioning of

voluntary associations for collective benefits is unlikely without pre-existing social trust. Furthermore, Coleman (ibid., p. 319) regards the emergence of norms as an outcome of network closure. Finally, Coleman (ibid., p. 320) attributes the power of an agent from one set or group over an agent from another as a consequence of his or her social capital, regardless of class, status or possession of other forms of capital. The concepts put forward by both Putnam and Coleman valorise communities where social capital is high, while not dealing with the issues of those societies that are more complex or, in Chatterjee's (1998, 2004) terms, are caught between the introduction of modern civil society and traditional societal structure. Finally, Coleman (1988, 1990) entirely neglects the role of laws and formal institutions in the operation of social capital, while Putnam explicitly adopts a neo-institutionalist perspective but is unclear on the role of the state in the development of social capital (Putnam, 1993, pp. 10, 184-185).

In terms of explaining the role of SC in local governance, Bourdieu's approach has two major limitations. Firstly, his research (1985, 1986, 2005) does not directly engage with the notion of trust. This is mainly because, as Frederiksen (2014, p. 172) notes, Bourdieu – unlike Coleman and Putnam, who assign a more pivotal role to trust – gives recognition a major role in his relational theory (see also Siisiainen, 2003). Furthermore, Bourdieu's totalising conception of the omnipotent state has limited capacity to explain the "bottom-up" influences of SC on governance by government. However, his emphasis on SC's contingency to other forms of capital in the field-habitus-capital nexus allow social capital to be situated more broadly in relation to the state and societal institutions, and for a more nuanced conception of trust to be developed.

The literature stresses the distinction but interrelatedness of the structural (networks and associations) and cognitive (norms and expectations) dimensions of social capital (Krishna and Uphoff, 1999; Uphoff, 2000; Nahapiet and Ghoshal, 1998). Uphoff (2000, p. 221) argues that, while both Putnam and Coleman include structural and cognitive dimensions in their concepts of social capital, they use these dimensions more descriptively than analytically (see also Krishna, 2007). Contrary to Coleman and North, Uphoff (2000, p. 231) argues that "mixed-motive" individuals and societies (both instrumental and normative) shape the development and preservation of SC. He claims that his framework is applicable across all contexts, but he is reticent on the notion of culture and "third-party" enforcement in shaping especially the cognitive dimension of SC.

Nahapiet and Ghoshal (1998) developed a more sophisticated framework comprising structural, cognitive and relational social capital, drawing on both Coleman and Bourdieu. However, two limitations of Nahapiet and Ghoshal's framework restrict its potential to

explain how networks overlap across organisations, and how agency is shaped by power differentials within and across organisations. Firstly, they failed to develop an explanation for the rules of inclusion and exclusion in these organisations. Secondly, as they admitted (ibid., pp. 261-262), they could not extend their theoretical framework beyond the institutional setting of the firm to more complex settings where multiple forms of organisations operate, and where social practices structure the operation of social capital (for instance, how SC creates individual or organisational advantage at the intersection of geographic, social or class boundaries). Nevertheless, this literature stresses the development of a theoretical and analytical framework where the interrelationship between the structural and cognitive dimensions of SC is explored, and their mutual connections and position in the broader institutional setting are explained. For developing such a relational framework, Bourdieu's notion of SC needs to be situated in the meta framework of his theory of practice.

3.3 Bourdieu's theory of practice: An embeddedness approach to social capital

Bourdieu's theory of practice has gained traction in the recent literature on local governance, social capital and participation (Howard and Lever, 2011). In terms of the social capital-local governance interrelation, its significance stems from its emphasis on the role of context, the disposition of agents towards state and non-state actors, the role of power in facilitating or prohibiting access to state institutions, and the development of social capital through encounters in emerging fields of governance (ibid.; Hastings and Matthews, 2015). This literature, however, does not develop systematic links between elements of Bourdieu's theory of practice and the elements of SC. The rest of this section is devoted to this task.

We know from Putnam (1993, pp. 172-173) that SC and institutions have a reinforcing impact on each other; other researchers inform us about the mutually reinforcing relationships between the structural and cognitive dimensions of SC (Nahapiet and Ghoshal, 1998; Uphoff, 2000); and even the cognitive dimensions of SC (trust and reciprocity) have a mutually dependent relationship (Coleman, 1988; Blumberg et al., 2015). Bourdieu's theory of practice with its major elements (habitus, capital and field) provides a more powerful analytical tool to account for the dialectical relationship between social capital and local governance. An individual's actions are the outcome of her/his "habitus", which is an outcome of her/his position in the social structure. Her/his position in the social structure is the outcome of the total assets that she/he owns (Bourdieu, 1972, 1985, 1986). Any change in an agent's account of these assets will in turn impact her/his habitus, which will again impact her/his actions within the social field or structure. In the

context of the present research, an aggregate impact of these actions can be observed in different governance practices, be it related to the internal governance of the bazaar, which is conceptualised as the "social field" (see Section 2.4), or to its role in the wider governance processes. The link between habitus and the institutional framework comprising various fields of power clarifies the contextual specificities of local governance structure, and the ways in which the participation of agents within that structure is shaped by their enduring and changing habitus (Howard and Lever, 2011).

Social space is the interplay of power between various forms of capital that shapes agency within the governance structure. As Bourdieu (1985) argues, the social world is, to a large extent, what agents make of it, but they cannot change it beyond certain limits that their positions in the social structure, and their resultant dispositions towards others, impose on them. These limits are, however, subject to the distribution of different forms of capital that shape an agent's position within the broader configuration of social fields. Possession of these assets determines an agent's position and disposition towards those who hold differentiated stocks of capitals. The configuration of social space is not static, and it may change either with change in the distribution of capital within the field, or with the rise of new fields within the social space. An aggregate impact of these actions can be observed in different governance practices. These governance practices are the totality of interactions between various fields.

Contrary to network analysis and interactionist approaches, it is argued that these interactions are not mere interactions, but they are underpinned by actors' relative positions in the field, determined by the distribution of capitals in that field (Eloire, 2014). As Walther (2014) notes, an infinite number of interactions shape the daily life of an agent, entailing discussions, negotiations and conflicts. To understand these interactions, they have to be understood in their respective social space, that is divided into several social fields (*champs sociaux*). These fields are microcosms in which agents are integrated and interact in accordance with the rules specific to these fields (Walther, ibid., p. 8). These rules are not written, but rather are tacitly understood and followed (Wacquant, 2011). Thus, Bourdieu's theory of practice, with its constituent elements and practice that include rules and obedience to or defiance of these rules, allows for the theorising of human actions and interactions in a space constituted of multiple interrelated fields.

The following three sections set out habitus, capital and field in more detail.

3.3.1 Habitus and its relationship to trust

Habitus is a central concept of Bourdieu's theory of practice. It should not be confused with habits, which are the mechanical acquisition and reproduction of predetermined

actions in a given situation. Habitus is also wider in scope and requires more sophisticated treatment beyond its conception as a mechanical process. Hodgson (2004, pp. 652-3) views it as a behavioural propensity or disposition. Once acquired, habit is not necessarily used in future events (ibid., p. 652). Habitus is a "an ensemble of schemata of feeling, perception, thinking, evaluating, speaking and acting that structures all expressive, verbal, and practical manifestations and utterances" (Walther, 2014, pp. 13-14). In this sense, habitus is both a classifying structure and a generative structure of practical action (Lizardo, 2004, p. 376). It is both ascribed and achieved: in its ascribed form it is attributed to an agent's primary affiliation with family or ethnic ties, whereas in its achieved form it is associated with an agent's engagements in the later stages of life (Walther, 2014, pp. 12-13). This section not only views habitus as an agency – as a Bourdieusian notion of habitus demands – but it also links it to the notion of trust, which is one of the central components of social capital.

Bourdieu himself has little to say about trust. However, the concept was later developed in the literature on trust and social capital (Misztal, 1996; Oliver and O'Reilly, 2010, pp. 56-57; Frederiksen, 2014; Bildtgård, 2008). This literature can be classified into three categories: Misztal's (1996) seminal work, which treats trust as habitus (see also Westwood, 2000); Frederiksen's (2014) study, which theorises trust as the product of habitus; and other authors who simply refer to the connection of trust with habitus (Kjærnes, 2006; Oliver and O'Reilly, 2010). It is argued that trust stems from habitus and that the latter is a broad concept that encompasses a whole range of tendencies, dispositions, beliefs and perceptions, of which trust is one. Misztal's major work (1996, pp. 121-145) links trust to reputation, memories (recollection) and institutions. Westwood (2000), in her study of Indian diamond traders, shows how trust as habitus is transformed with the increasing complexity of the diamond trade, caused by increased competition and the entry of opportunists seeking to make their fortunes. This has, she suggests, fractured the power structure and restructured the trusting dispositions, reinforcing the significance of family and kinship ties that were the lynchpin of the diamond trade, and leading to more complex strategies in dealing with strangers. This allows an understanding of the function of habitus as a source of making trusting choices between known people and strangers (Torche and Valenzuela, 2011; Misztal, 1996, pp. 140-142).

Westwood (2000) identifies three elements of trust as habitus: "everyday routines, stable reputations and tacit memories" (Misztal 1996, p. 102, cited in Westwood, 2000, p. 865), which contribute to a sense of social order and stability (Luhmann, 2000, p. 95). An agent's trust in this sense is not only shaped in relation to other agents, but is also placed

analytically within organisational and institutional framing (Kjærnes, 2006). This suggests how an agent internalises the external world comprised of roles, rules, precedents and procedures that structures the ensemble of feelings, perceptions and dispositions towards external structures. This internalisation of the external world or "structured structures" shapes an agent's actions, thereby "structuring structures" (Bourdieu and Wacquant, 1992). In this sense, the structure of a market and the interactions around it are shaped by the state structure or its power to regulate. The choices and preferences of agents are shaped by their "practical sense of the game", and by their ability to play the game and pursue multiple interests associated with several fields related to the market (ibid., pp. 117-118; Bourdieu, 2005). It is precisely this mechanism that not only shapes an agent's trusting dispositions, but also establishes the link between interpersonal and generalised trust (Frederiksen, 2014).

Some market sociologists argue that a market is like a home to agents, whose desire to maintain stability in the market is the major underlying force (Beamish and Biggart, 2012; Redmond, 2010). However, this logic of calculative intentions based on market stability leaves out those factors that are built into an agent's pre-objectified habitus. This notion of pre-objectified habitus, or what Frederiksen calls familiarity (see also Luhmann, 2000), along with the acquired habitus, an agent's place in the game and his sense of the game (Bourdieu, 1985), expose the weakness of the unipolar logic of calculative computation. Each agent, as Bourdieu (1972, pp. 79-80) argues, is wittingly or unwittingly a producer and reproducer of an objective meaning, because his actions are the product of a mode of practice over which he has no control beyond a certain limit.

Practice, as Bidet (1979, p. 204) notes, is an outcome of interaction between habitus and event (familiarity or practical sense). Different practices of governance, in either the regulatory or societal sphere, are partly predetermined and partly improvised. An agent's actions are determined by her/his disposition vis-à-vis other agents that form the scene of the event. Any interaction within the economic field or other fields is shaped by the objective structure within which they occur, and they subsequently shape that structure. Habitus is the "sense of one's place within that structure" (Bourdieu, 1972, p. 79). As Misztal (1996, p. 142) argues, memories of the past and interaction with the changing world allow an agent to make trusting choices by identifying trusting and non-trusting others. For this reason, Bourdieu cautions against conceiving habitus as habits (Bourdieu and Wacquant, 1992, pp. 121-122). It works as a generative principle or the "logic of action" which reproduce the structure (Bidet, 1979, p. 204). In this sense, trust is not habitus in itself as Misztal (1996) would have it, but instead is a part of a broader schema

of feelings and perceptions that includes trust, reciprocity, familiarity, confidence and many other underlying factors underpinning an agent's action.

Thus, habitus is a central concept that locates agency, including ones trusting dispositions, in a wider interaction between power (capitals) and field (structures) (Bourdieu and Wacquant, 1992, pp. 118-121). Trust is not the sole outcome of an agent's rational decision: instead, it unfolds in specific relationships within which an agent is embedded (Frederiksen, 2014, p. 168). As Misztal (1996) argues, an agent's motives to develop trust in his reputation depends on her/his place in the social order, e.g. public official, political representative or business owner (ibid., pp. 130-138). This implies that trust as a cognitive disposition is shaped in relation to past experience (Frederiksen, 2012; Misztal, 1996), the quality of institutions (Rothstein, 2003, 2013; Rothstein and Eek, 2009), the reputation of the trusting others (Westwood, 2000), and the competence of the trusted to realise the expectations of the truster (Blumberg et al., 2015, pp. 93-94). In this sense, trust is not a stable disposition but a reflexive process framed within situations and relationships within which agents engage each other (Frederiksen, 2014, p. 169). Thus, trust as expectation emerges, but is differentiated from the relationship within which a person is constituted (Frederiksen, 2012).

In the final analysis, the present study agrees with Frederiksen (2014, p. 175) who defines "trust as a disposition stemming from habitus, but not habitus in itself: the generativity of habitus is a driver of the variability and adaptability of trust, but does not determine trust". However, it departs from Frederiksen on his second argument that trust as a relational process is separate from generalised trust, in that the latter is static. An agent's dispositions relating to organisational capacity to apply rules, the role of enforcement agents relating to the application of formal rules, and the competence of other agents to influence formal institutions, structure an agent's familiarity (Luhmann, 2000) and his practical sense (Tacon, 2014), which thus links interpersonal trust to generalised (social) and institutional trust (see more broadly Uphoff, 2000, pp. 220-222). Frederiksen (2014, p. 183) identifies that trust as a relational process is based on familiarity and justification. For this reason, he suggests that it should be viewed both as constituted and constitutive. In doing so, he argues:

> "We should engage the structural, institutional and biographical elements of trust as no more the cause of trust than the situated elements of trust. The impact of history and structure on trust in a specific moment is never a given, but unfolds in new and unpredictable ways within the situated relationships of emotions, substances (Frederiksen, 2012) and interactional flows. This underscores the need to

investigate interpretation and experience as much as conditions and institutions" (Frederiksen, 2014, p. 189 and the references therein).

In this sense, if social space is dissected between known and unknown agents, and institutions of various type, then the interlinkages between types of trust, such as interpersonal, social and civic (associational and institutional), can be explored. Principally, habitus can be used as a "classificatory scheme" to explain these trusting dispositions (Bourdieu, 1991, pp. 113-114). Various typologies of trust have been formulated that have the potential of capturing trust in this broader schema of conception. However, the argument here is that trust stemming from habitus is not an entirely conscious choice, but rather is an agent's familiarity with his surroundings and any change in these surroundings that structures trusting decisions (Luhmann, 2000). For instance, the quality of institutions has implications for the radius of trust (personal or generalised) (Delhey, Newton and Welzel, 2011). Similarly, material conditions, or the distribution of capital, impact the competence-based trust of agents (Oliver and O'Reilly, 2010; Westwood, 2000). It is on these grounds that habitus is designated as a source of trust. Habitus serves a classificatory system for making trusting or non-trusting choices based on the diachronous (past experience) and synchronous (practical sense) functions of the habitus (Frederiksen, 2014; Bildtgård, 2008). An agent's memories of the past (related to the field in which he is situated and other fields), his tendency to draw boundaries for identification on the bases of these memories, and routinised behaviour to make trusting choices, explain the centrality of habitus to explain trust as a component of SC (Misztal, 1996, pp. 122, 28, 41-42).

3.3.2 Capital: Positions and practices

To explain the practices aimed at the accumulation, use and transformation of SC, the notion of capital, as explained by Bourdieu, requires understanding in its entirety. For Bourdieu, capital denotes power in both its inherited and institutionalised forms, which determines the objective structures and agency within those structures. The central tenet of Bourdieu's philosophy is the concept of capital (Anheier, Gerhards and Romo, 1995). Its significance lies in the fact that the "sense of one's place" (habitus) or the position of an actor are determined by the endowment of different forms of capitals. Bourdieu's (1986) theory includes not just economic capital, but other intangible forms such as cultural, social and symbolic capital. He further argues that it is impossible to account for social structure without bringing the other forms of capital into the analysis. Economic theory alone does not account for non-economic actions which are sometimes the cause, and at times the outcome, of economic practices. Individual agency, in these non-economic

actions which link the economic field to other relative fields, is strengthened or weakened by the existence or non-existence of these intangible forms of capitals (Svendsen and Svendsen, 2003).

Capital, as Bourdieu (2002, p. 280) defines it, "is an accumulated labour (in its materialised form or its 'incorporated' embodied form) which, when appropriated on a private i.e. exclusive basis by agents or group of agents, enables them to appropriate social energy in the form of reified or living labour". It is a force that is inscribed in objective and subjective structures, but it is also a force underlying "the imminent regularities of the social world" (ibid.). It mainly exists in three forms: economic capital (material form), cultural capital (objectified, embodied and institutionalised forms), and SC (obligations and connections). All of these together form "symbolic capital" which is an important factor in shaping and reshaping the habitus of an agent (Bourdieu, 1985, 1986). Calhoun (2006) notes that social and symbolic capital are closely interrelated.

Although these forms of capital are produced in their own fields, they are convertible. This inter-convertibility of capitals accounts for the dialectical relationships between habitus, field and practice. Social capital, as Bourdieu (1986; 2002, p. 286) argues, is never completely independent. Its quality and volume depend on the size of the network, and the type and volume of capital possessed by those to whom an agent is connected. Thus, an agent may be connected to a large number of agents belonging to the same cultural, ethnic or religious group situated in different social fields, but the quality and size of his social capital depends on the endowments of different forms of capital (Walther, 2014, pp. 14-15). Differentiated endowment of different types of capital determine an agent's capacity to influence the rules of engagement within and across the fields (Walther, 2014).

Against this backdrop, SC is defined as networks through which individuals derive profits, both as an individual or a member of a group (Bourdieu, 1986, pp. 249-250; Christoforou, 2014a, p. 75). Although SC cannot be reduced to economic capital without difficulty as Bourdieu (2002, p. 281) argues, change in the distribution of economic capital has transformative effects on the other forms of capital, including social capital. This relational logic of convertibility explains interdependence and a whole range of exchanges that takes place across the social space (Smart, 1993). As Bourdieu (1986, pp. 252-253) argues:

> "The different types of capital can be derived from economic capital, but only at the cost of a more or less great effort of transformation, which is needed to produce the type of power effective in the field in question. For example, there are some

> goods and services to which economic capital gives immediate access, without secondary costs; others can be obtained only by virtue of a social capital of relationships (or social obligations) which cannot act instantaneously, at the appropriate moment, unless they have been established and maintained for a long time, as if for their own sake, and therefore outside their period of use, i.e., at the cost of an investment in sociability which is necessarily long-term because the time lag is one of the factors of the transmutation of a pure and simple debt into that recognition of nonspecific indebtedness which is called gratitude."

Defining social capital in this relational framework, Bourdieu brings together the group theories of Durkheim and Weber with the theories of reciprocity of Mauss and Simmel. In this view, networks form a resource from which their members benefit socially and economically (Svendsen, 2001). Nevertheless, Bourdieu defines these networks relationally as opposed to the substantivist or structural definitions of Putnam and Coleman respectively. Although Bourdieu accords primacy to economic capital, as Calhoun (2006) notes, it is not dominant in all fields and its role may in varying degrees be denied or misrecognised.

3.3.3 Field: Networks and power relations

If habitus denotes agency, and capital is equated with power, a field represents the structure of power and the arena for the struggles for acquisition and retention of power. A field has, as Bourdieu notes, its own dominant and dominated areas, and the principles of its dynamics lie in its structure, especially in the distance and asymmetries between various forces that confront one another in that field. The position of actors or entities in a given field is determined by the distribution of the forms of capital. Not only the stock of capital (amount or volume), but the structure (relative distribution) are significant to determining the position of an agent or an entity in the field. For instance, firms of similar size within a given field may vary in their stocks of economic and cultural capital, and hence their capacity to act and influence the field (or dominate the game) will also vary (Hanappi, 2014; Eloire, 2014). This power asymmetry shapes an agent's speech and actions within that field (Bourdieu and Wacquant, 1992, p. 101). A field is a site of capital production specific to that field (economic, cultural, political etc.). It has no visible boundaries, but the boundaries lie where the effects of power specific to a field cease. In this sense, a multitude of fields forms a social order, and each field has its own form of capital over which agents try to achieve their mastery. These fields, however, do not operate in isolation, and power in one field has an impact on power in another. For instance, positioning in the economic

field may bring esteem and status that has currency for the social field (Kluttz and Fligstein, 2016).

Local governance structure consists of several fields, each with its own rules and struggles (Steinmetz, 2008). To understand social space as constellation of fields, as opposed to system theories, certain features of the field are pertinent. Firstly, a field is not a deliberate creation, and unlike games, it does not have codified or explicit rules. It is governed by rules and regularities that are uncodified and not explicit (Bourdieu and Wacquant, 1992, p. 98). Secondly, agents are not merely particles that are pushed and pulled by the forces active in the field, but rather they are the bearers of capital which allow them to exercise agency and shape the structure of that field (ibid., 1992, pp. 108-109). Thirdly, a field is influenced not only by its internal struggles, but also by the forces external to it, by its relationship to other fields of power. Fourthly, this provides for a relational understanding of the networks of relationships within and across fields. Characterising local governance structure as a field is problematic, owing to explicit state regulations for market governance and the relationship between the elected and bureaucratic spheres of governance. However, an infinite number of exchanges across these spheres are underpinned by local structures which often run counter to the logic of written regulations for governing. Here, the limits of the state's ability to turn every person into a law-abiding person is exposed, and the generativity of the actions of state officials explains the deviation from the universal rules.

For the present study, this is the point of departure from the state-building school that advocates a universalising logic of effective state institutions to all governance challenges. This position is argued on the basis of two central grounds. Firstly, a state is a set of institutions (public sector) which exist in the local field along with societal institutions (Eriksen, 2017). Secondly, a state's effectiveness or ineffectiveness reside in the subjectivities of citizens, who are active players in local governance regardless of whether they are included or not (Bourdieu, 1994, p. 67). Thus, the capacity of state institutions to deliver services, regulate effectively and reach all sections of society has significant impact on citizens' dispositions and their civic or "uncivic" actions (Wacquant, 1998). States possess, undoubtedly, monopolies over policy-making, distribution of resources, and physical and symbolic violence. However, dichotomies between the policies of the central state for service provision and the implementation of regulations, and the reality of state power at local level, reinforces the stance of viewing the state as a field of power vis-à-vis other fields (Filčák, Szilvasi and Škobla, 2018). Unregulated connections between office holders and non-state actors, for example the personal dispositions of state

officials, social networks of citizens, and group loyalties, all underpin the inability of bureaucratic officials to pursue state policies in the developing world (Migdal, 1988, cited in Goodwin, 1991, pp. 218-219; Eriksen, 2017). Although Steinmetz (2008) argues that internal struggles among actors who constitute the state as a field of power account for why governing strategies vary at local level, these struggles also cause the alignment of interests among state and non-state actors, which accounts for variance in central state policies and local governance arrangements.

As Bourdieu argues, the real is the relational, noting:

> "What exists in the social world is the relations, not interactions among agents or intersubjective ties between individuals, but objective relations which exist independently of individual consciousness and, as Marx said, a field may be defined as a network, or a configuration of relationships between positions. These positions are objectively defined in their existence and in their determination, they impose on their occupants, agents or institutions, by their present and potential situations (situs) and in the structure of distribution of various species of powers (capitals) whose possession commands access to specific profits that are at stake in the field, as well as by their objective relationship to other positions (domination, subordination, homology, etc.)" (Bourdieu and Wacquant, 1992, p. 97).

To summarise, a field is a critical mediation between the habitus and capital (power), and each form of capital is relevant to the field in question. At each moment, it is the state of the relationship of force between the players within the field that defines its structure and operation (ibid., pp. 99-100). Put simply, the structure of the field allows agents to frame their actions taking into consideration the actions of others (Kluttz and Fligstein, 2016). In order to guard against structuralist determinism, fields should not be construed as static (Lizardo, 2004, pp. 394-395).

The interaction between formal and informal institutions, and the cooperation and conflict between actors within and across these fields, can be conceptualised in a space that Bourdieu (2005) calls a "local field". Broadly, this study divides local governance structure (local field) into three primary fields: state, market (economy) and political. These three fields in turn have their own subfields, which are linked to each other through habitus and capital. Networks of relationships (social capital) connect these fields through the nexus of habitus and capital, allowing agents to accrue benefits from these networks that are the domain of a specific field. The state is, in this configuration, a dominant field because of its monopoly over legitimate symbolic power and coercive authority. It is the legitimate

holder of all sorts of capitals: economic, military, political and symbolic. With this power, it shapes the cognitive structures of those inhabiting its sphere of control (Bourdieu and Wacquant, 1992, p,100). However, its inability to turn subjects into citizens, or to ensure the rule of law, signifies the impact of its strength and weakness on the habitus of agents, and the role of habitus in structuring the local field through the use of agents' networks (Bourdieu, Wacquant and Farage, 1994; Bourdieu, 2005). This has also implications for citizens' trust in state institutions. As Misztal (1996) notes, the state offers a wider social context for explaining the structure and functions of trust. For instance, "not being able to trust the state, people would not trust one another and would limit their obligation to their families" (Misztal, 1996, p. 138). The notion of fields, and the capitals specific to these fields, allows an opportunity to situate social capital as a theoretical link not only between state, market and society, but also between different levels of governance.

In sum, the notion of fields not only accounts for the interaction between structure and agency (distribution of capitals and habitus), but also allows for an understanding of the relationship of dependence and interdependence between fields. Although Fligstein and McAdam (2016) criticise Bourdieu for not developing a fuller account of "field-to-field linkages", the author of the present study argues that the interrelationship between fields, and the effect that change in one has on another, is provided by field-related concepts such as habitus and capital, and specifically social capital. For instance, Wacquant (1998, pp. 28-29) shows how the failure of state functions as a field of power resulted in the development of negative social capital in ghettos in the USA. This was mainly due to the unequal distribution of cultural and symbolic capital by the state, leading the marginalised groups to adopt an alternative path that resulted in the increase of crime and violence in African-American neighbourhoods. This embeddedness of fields has implications for the structure and functions of social capital (Westwood, 2000; Gowan, 2010; Eloire, 2014). It suggests that all the fields are interconnected to varying degrees, and there is a complex pattern of interdependence between these fields. Fligstein and McAdam's (2012, p. 9) metaphor of throwing a stone into a still pond that causes ripples in all the proximate fields gives the closest approximation of the interdependence between fields. In a similar vein, Bourdieusian field theory, with its notions of habitus and capitals, offers an explanation of how change in one field causes changes in others (see more generally Wacquant, 2015).

This change is also reflected in the changing configuration of social capital which Fligstein and McAdam seem to have missed (Calhoun, 2006, 2010; Christoforou, 2014a). This raises the question of embeddedness as the final element of the theoretical framework

for the current study, situating social capital generated by a marketplace as a critical link between the marketplace and local governance.

3.4 Field and embeddedness: Marketplace-local governance interaction through social capital

While exploring the theoretical links between Bourdieu's field theory and the embeddedness tradition (an important placeholder in SC theory), this section argues that the framing concept of embeddedness within Bourdieu's field theory has certain merits over existing embeddedness traditions (Polanyi, 1944 [2001]; Granovetter, 1985). It avoids both the structural determinism of Granovetter's embeddedness approach, and the economic reductionism in the SC embeddedness tradition characteristic of institutionalist approaches and Coleman's rational choice tradition. This is significant for explaining state-society synergy through marketplace-state interaction. Contrary to structuralist notions of SC (Burt, 2000; Lin, 2008) which overlook the role of state institutions in the formation of SC (Woolcock, 2001), Bourdieu's notion of field is closer to Polanyi's embeddedness tradition, which reinforces the contextual nature of SC by placing state institutions as an important contextual element. Finally, by conceptualising the marketplace as a field within the embeddedness framework outlined in this section, cooperation and conflict between the marketplace as a generator of SC and the state as a regulator and service provider are better explored.

The SC literature, following on from the embeddedness literature, has attempted to connect these interrelated fields (Christoforou, 2013). For instance, Woolcock (1998, 2001) describes social capital as "embeddedness" and "autonomy". Woolcock defines embeddedness at the micro-level as intra-community ties that help individuals to cooperate to realise collective goals (bonding social capital), while autonomy refers to inter-community ties that prevent subordination to dominant group or classes (Granovetter's propositions regarding the density of networks and strength of weak ties). Similarly, embeddedness at the macro-level refers to those ties that cross the public-private divide (linking social capital), whereby autonomy is realised through improvements in institutional capacity and credibility. Woolcock and Narayan (2000) call this simultaneously embedded and autonomous view of social capital a synergistic view, which combines network and institutional approaches to social capital. The problem with this approach to social capital is its reliance on Granovetter's conception of network,[18] and the

[18] The problem with the network approach to SC, specific to Burt's and Lin's versions of the concept respectively, as pointed out by Coradini (2010), is that it adopts a normative approach to social capital which stresses the productivity of networks for various individual benefits. This essentially decontextualizes

institutionalist approaches by North (1990) and Knack and Keefer (1997), which rely on individualism and overlook the impacts of contextual factors, especially power and conflict (Christoforou, 2013).

Other extensive treatments of embeddedness in the SC literature (Streeck, 1998; Evans, 1997) do not go into detail on the structure-agency relationships which configure and reconfigure economic actions and related social structures within their specific institutional context (see Section 2.4). While commenting on this literature, Christoforou (2013) argues that such interactions (between structure and agency) are embedded in the institutional environment, which is characterised by various and often conflicting social spheres. To follow Polanyi (1944 [2001], p. 48), the institutional context is determined by certain forms of social organisations and integration: exchanges performed in the market; redistribution of resources by the state; and reciprocity associated with voluntary organisations. Critics may argue against such framing of social capital in Bourdieusian field theory, considering at this point Baker and Faulkner's (2009, pp. 1,533-1,534) notion of double embeddedness with Coleman's macro-micro-macro logic of economic actions. Undoubtedly, their approach has the potential to address contextual factors in explaining individual actions. However, their explicit exclusion of cognitive and political embeddedness leads to the neglect of state institutions (present author's emphasis). Institutional embeddedness is one of the crucial determinants in contextualising marketplace social capital and its implications for local governance system (Bourdieu, 2005).

At this point, Bourdieu can be drawn closer to Polanyi for constructing a meso-level explanation of state-society-economy relations. Polanyi argues on the one hand that the economy is institutionally embedded, and on the other that "the working of the economic system not only influences the [society] but actually determines it" (Polanyi, 1977, p. 12, cited in Maucourant and Plociniczak, 2013, p. 518). While Bourdieu (1987) reduces all other forms of capital to economic power, he regards the state as a meta-field in which all the other forms of power are embedded. Markets, in whatever form, are regulated by the state, though there may be variations in how universal rules for their governance are determined by the state and how their implementation at local level is carried out (Khan, 2017a). Polanyi (1944 [2001], p. 56) and Bourdieu (2005) broadly agree over the role of state in governing economic activities. For instance, for Bourdieu (2005, pp. 12-13), the

social capital that is embedded in power relations in which actors reflexively engage in multiple forms of networks (Portes, 1998).

state is the legitimate holder of authority in the imposition of taxes, regulating the housing market, allowing the flow of capital through the central bank, regulating prices and many other aspects of economic life, e.g. labour contracts, etc. In summary, the economy is, for Bourdieu, one of the fields where the monopolisation of the universal (state) applies (Paolucci, 2014). Paolucci further notes that the state considers regulating these practices for two reasons: legitimation of itself, and reproduction of a stable social order.

However, Bourdieu's conception of the state as a field of power is subject to serious criticism. Firstly, his notion is totalising and is simply inapplicable outside the French governance system, or at least cannot be applied anywhere else in Europe (Arnholtz and Hammerslev, 2013, p. 45; A. Scott, 2013, p.67; Schinkel, 2015, pp. 227-229). Secondly, Bourdieu's totalising, "top-down" conception of the state undermines any attempt to construct an appropriate historical sociology of the state (Riley, 2015). All the literature in this area, with the exception of Schinkel (2015), implicitly suggests that the state is the only field which is disembedded, and that the dispossessed are not part of this field. For the present research, the author argues that Bourdieu has offered a strong basis for conceptualising change from below and for how changing the habitus of agents allows them to participate in the broader field that is the state; and further argues that Bourdieu's (2005) conception of the local state is not as totalising, a point which the criticism of him fails to appreciate.

Bourdieu, in fact, discusses two conceptions of the state as a field. In the first, the state is a set of governmental institutions; in the second, it comprises all the citizens within its jurisdiction. It is the ultimate centre of power because the state as a field holds the maximum powers, but, as Bourdieu argues, a field is divided into various subfields, and in the case of the state, the political field enables citizens to influence the power of the state and in some instances curtail it. This theoretical position is especially relevant in the case of markets embedded in local governance arrangements, which forces state officials to grant exceptions in the application of universal rules (Bourdieu, 2005, pp. 122-123). It is this power of the other fields, exercised in the informal (private) realm, which accounts for the weakness of modern-day developing states.

Despite the limitations, framing the embeddedness of economic, political and social actions in Bourdieu's field theory in order to explain the interrelationship between SC and governance has three advantages from the vantage point of the author of the present study. Firstly, it allows for the measurement of ability of formal institutions to perform their role in the development of social capital (Wacquant, 1998). Secondly, it provides for the embeddedness of the economy not only in formal institutions but, by constructing the state

as a site of struggle for various forms of capital, the Bourdieusian conception allows for understanding power, conflict and the SC's role these struggles over several forms of capital. Finally, this Bourdieusian perspective sees interactions among agents as relational, thus explaining how embedded actors take others into consideration while performing any action (Wacquant, 2011, 2015). For the purpose of the present study, it provides for conceptualising social capital's role in the contexts characterised by weak or strong states.

The state thus offers an essential supporting infrastructure for the development of community stocks of SC, whereas social relationships that link different spheres of governance facilitate or impair the state's capacity to govern effectively. Emphasising the significance of the synergy perspective, Woolcock (2001) rightly points towards the limiting impact of thinking about state and society as binaries, arguing that both are needed to achieve positive outcomes. Therefore, the nature and extent of social relationships (bonding and bridging) in a community, and their interactions with formal institutions, need to be identified. This is important to develop institutional strategies based on the understanding of social relationships, particularly the stocks of bonding or bridging networks in a society or a community; and to take up the task of transforming situations where community SC has been substituted for weak, hostile or indifferent formal institutions into a situation in which both realms (state and social) complement one another (Evans, 1997, p. 1,127; Harriss, 2001, pp. 71-3). For this purpose, three distinct but interrelated spaces constitute the field of local governance. These spaces include closed (bureaucratic), invited (provided by formal institutions), and claimed/created spaces (created by socioeconomic mechanisms) (Gaventa, 2006, p. 26). Social capital lies at the intersection of these spaces, and expanding the division of labour due to socioeconomic change shapes agents' propensity to reach out across their own group boundaries while simultaneously identifying with their own group identity (or fields) (Simmel, 1971 [1908], pp. 253-255], cited in Woolcock, 1998, Note 83). The question here, is then, how SC forms a critical link between marketplaces and local governance.

3.4.1 Social capital: A critical link between the marketplace and local governance

This section situates SC as a critical link between the marketplace and local governance in the relational framework developed in the preceding sections. Two key premises underpin this relationship. Firstly, the state is not the generator of SC; instead, it offers an essential context for the generation and operation of SC (Pisani et al., 2017; Górriz-Mifsud et al., 2016). Secondly, marketplaces and their interactions with local government are embedded within the local social order, which is characterised by conflict of interest and unequal structures of power. Understanding the implications of marketplace-generated SC for local

governance therefore requires a shift away from regarding marketplaces as traditional public spaces in the generation of SC (Watson, 2009). This is mainly because, if one wishes to understand marketplace-local governance interaction from the perspective of SC, a dialectical approach helps to understand the "bi-directionality" in the social capital-local governance cause-effect relationship (Teles, 2012a; Górriz-Mifsud et al., 2016). It is argued that institutional reforms open up the space for participation, whereas the socioeconomic dispositions of individuals and groups shape their capacity to influence the governance process (Pisani et al., 2017; Górriz-Mifsud et al., 2016; Roy, 2008, p.681).

In terms of the SC-governance relationship, the statist and non-statist perspectives are diametrically opposed (Borzaga and Sforzi, 2014). Statists argue that the state plays an important role in the construction of social capital (Petro, 2001; Lowndes and Wilson, 2001). whereas non-statists view stocks of social capital as a major determinant of the performance of state institutions (Putnam, 1993). In this vein, some take an extreme position, arguing that, if SC is generated by the state, by definition it is not SC (Lehning, 1998, p. 242). Coleman (1990, p. 321) views the relationship between state-sponsored activities and SC within zero-sum dynamics. He argues that a "state's involvement leads to atrophy of informal networks, diminishing social capital" (cited in Evans, 1997, p. 2). Doubtless, institutional change may provide a context for the destruction of SC by favouring the dominant (Levien, 2015), but context matters in determining its role in governance processes (Wallis and Dollery, 2002). Similarly, the statists incorrectly argue that the state alone can shape local institutions for the generation of social capital (Petro, 2001). As observed in Section 2.3.2 of the present study, the state's power is often curtailed by local social structures (Cronin, 1996). Therefore, as Harriss (2001, p. 28) argues, political conditions and institutional performance are influenced by a society's stocks of SC, but without the agency of state, it is unlikely to develop the context in which people can realise the potentialities of their SC. This SC-local governance literature has captured state-society relations from multiple perspectives (Schulman and Anderson, 1999; Teles, 2012a; Pisani et al., 2017; Górriz-Mifsud et al., 2016).

For local governance, two points are central to exploring this relationship. Firstly, instead of viewing decentralised local government as an active player in the construction of social capital, it needs to be viewed as a facilitator of the development of social capital (regardless of its "dark" or "bright" sides). Secondly, instead of uni-directional "bottom-up" (Putnam 1995) or "top-down" approaches (Warner, 1999; Maloney, Smith and Stoker, 2000) to the generation of SC, a state-society synergy perspective best captures the interrelationship between the evolution of state institutions and social capital in the

community (Evans, 1997; Woolcock, 2001). This perspective not only captures the combination of embeddedness and complementarities between state institutions and social capital embedded within community relationships, it also links multiple levels and spheres of governance (Evans, 1997). While observing the dialectical relationship between state and community social capital, Harriss (2001, p. 8) argues: "The energy for change lies in the community but has to be broadened by a broader set of ideas and organisation. External linkages, which may operate through NGOs, political parties, local organisations and even individual social relationships with a basis outside the community, play an essential role in enabling communities to become effective agents of liveability." In this connection Evans (1997) and Heller (1997) show that realising the potential of a community's social capital depends on its relationships with other agents, among which state and political actors are the primary ones.

This synergy perspective contrasts two views (endowment and constructability) on SC generation and its implications for local governance. The underlying assumption of the endowment perspective is that state-society relations are determined by pre-existing stocks of SC. Civic associations contribute to effective state institutions, which, in turn provide environment for the development of SC (Putnam, 1993). The endowment of social capital limits the possibility of change in the short-run. Conversely, the constructability view does not subscribe to the assumption regarding pre-existing stocks of social capital, and instead holds that the introduction of institutional changes and new organisational structures may create state-society synergy that produces positive social capital (Evans, 1997, pp. 6-7). Evans (ibid., pp. 7-8) argues that both effective state institutions and egalitarian social structures are essential conditions for the development of productive state-society relations. However, these conditions are often absent in the developing world, making state-society synergy difficult (ibid., pp. 7, 203-204). Nevertheless, Evans (ibid., p. 177) argues that even in the most adverse conditions characteristic of the developing world, synergy is constructible. In situations where state institutions provide support for emerging expressions of SC for this reason, Evans argues that the endowment of social capital is a lesser constraint to the development of synergy. The limit lies not in the absence of the density of networks and trusted ties at the micro-level, but in the ability of the state to scale-up micro-level SC to the level that is politically and economically efficacious. Thus, social capital at micro-level exists in every society, but the most obvious "missing ingredient" to synergy is a set of competent and engaged set of public institutions (ibid., p. 192).

Regional institutional arrangements frame possibilities, the governance structure

that shapes opportunities for action, and historic and current human and natural resources (Pisani et al., 2017, p. X). The major challenge lies in constructing SC in areas where it is historically weak (ibid., p. IX). The outcomes of SC for local governance are the function of both the political system and social structures, depending on the context. Robust state institutions are a prerequisite for constructing SC (Warner, 1999, 2001). Poor institutional design not only limits the possibilities for the creation of social capital, but also reinforces existing inequalities and results in the generation of negative social capital (Wacquant, 1998). However, the empirical literature demonstrates that power relations and social stratification often frustrate well-intentioned institutional design aimed at the construction of SC. Cento Bull and Jones (2006, p. 77), in their comparative study of urban regeneration in Bristol and Naples, conclude that, despite the intentions of institutional designers to enhance local participation, some powerful actors curtailed the power of local government to implement policies aimed at inclusion. There are instances of successful government efforts to reach out to different social groups to increase participation and inclusion (Petro, 2001; Heller, 1997). However, much of the public policy literature on SC and local governance attributes the failure of the state in this connection to unequal power structures and patronage politics (Teles, 2012a; Méndez-Lemus et al., 2017; Filčák et al., 2018).

Therefore, it is argued, economic change leads to power-dependence relationships among agents located across various spheres of governance. The introduction of institutional reforms in a context facing endogenous economic transformation may have different outcomes for political structures (Watson, 2009; Lin, 2008; Ahmed, 1981, more generally). Perhaps for this reason, Hussain (2008) views the development of local enterprises as one of the key development strategies for the empowerment of the poor. The literature on marketplaces in Pakistan has started exploring their empowerment potential and the implications of this political inclusion (Javed, 2017; Khan, 2017b; Jan, 2014). This literature has yet to explore their integrative potential in the broader political structure. This potential, as Section 2.4 of the current study has suggested, extends to the areas of participation, the implementation of regulations and the provision of social welfare.

Marketplaces evolve as governance spaces, or fields of power, in their respective governance structures. This evolution results in the formation of political, social and economic connections that extend into formal governance processes. The evolving power of marketplace, and the SC that marketplaces generate, create incentives for actors and organisations that constitute local governance structure. This embedded evolution of marketplaces explains their role in generating individual and associational SC, and the implications of this SC for the processes of participation, implementation of regulations

and social welfare provision. As argued in Section 2.4 of the present study, this role depends on the type, governance and setting of the marketplace. Depending on the context and situation, the SC generated by marketplaces may be an opportunity (Morales, 2009) or challenge for formal governance (Polese et al., 2017). It may be a proactive response to formal institutional fragility (Fafchamps and Minten, 2002), or a reaction against policy implementation (Mehta and Gohil, 2013). In any event, it is clear that SC forms a critical link in the marketplace-local governance interaction.

In sum, the causality between social capital and good governance is complex (Cusack, 1999, p. 8). Similarly, the state is unable to construct social capital through deliberate policies if it fails to consider local power structures and the forms of social capital operating within a region. In this sense, state institutions offer a context for the generation, operation and restructuring of SC, but are ill-suited to the generation of SC (Fukuyama, 2001). New governance approaches that focus on economic development and promoting inclusion have generated much ambiguity. Within this governance paradigm, instead of promoting inclusion, the state has reinforced the SC of the powerful actors and groups in the community (McDougall and Banjade, 2015; Cento Bull and Jones, 2006, p. 770). This suggests that state policies and their implementation are influenced by the structure of SC at the local level. The effectiveness or otherwise of state institutions has implications for the structural and cognitive dimensions of SC, which in turn have implications for the operation and effectiveness of formal institutions (Newton, 2001; Hsung et al., 2009). Furthermore, it is clear that the processes of policy or rule implementation clarify the dialectical relationship between SC and local government (Harriss, 2001, p.31)

3.5 Conclusion

This chapter has developed a relational framework to understand the role of social capital in the interaction between the marketplace and local governance. The source of SC lies neither in the state, nor purely in societal institutions: it is an emergent property of the dynamic interaction between fields of power in the formal and informal realms of governance. Framing social capital, marketplace and local governance structure in the nexus of habitus, capital and field requires binaries such as formal and informal, individual and associational, structure and agency to be transcended. This means that in the dialectical interaction between marketplace and local governance structure, the state is neither the cause nor the outcome of SC, but is an important determinant in its formation and operation. In addition, agency is reflexively developed in evolving governance processes.

This dynamic governance structure is characterised by power and conflict which structure the alignment or misalignment of interests within and across the fields of power.

In this context, the capacity of an agent or group to use SC for both individual or collective ends is shaped by a multitude of factors. Key among these factors are the capacity of state institutions to govern, equitable access to state institutions, the distribution of economic and social resources between individuals and groups, and the ability of individuals or communities to mobilise SC for individual or collective action. The influence of these factors also suggests that the sheer existence of associational networks or individual subjectivities (other regarding interests) is insufficient to understand the use and outcomes of SC unless these are understood as a function of individual relationships to various structures. This means that local governance structure, and the relationships between individuals and groups within that structure, determine how norms of cooperation such as trust and reciprocity operate.

This context-dependent approach to SC has major theoretical and methodological implications for the role of SC in the dynamics of local governance (Foley and Edwards, 1999). Firstly, it demonstrates that the relationship between individual and associational SC is not necessarily zero-sum, and context matters. Secondly, it highlights that institutional measures to develop SC are significant insofar as the levels of socioeconomic inequalities are manageable. The efficacy of collective actions may significantly increase with the restructuring of economic life, as Schulman and Anderson (1999) demonstrate. Such a restructuring may result in the emergence of constructed forms of organisations such as networks and associations, as opposed to primordial ties (kinship, caste, geographic, etc.). This suggests that stocks of SC are not impervious to change. Thus, social capital can be viewed as a dependent variable affected by the dynamic interrelationship between the fields of power including bureaucratic, political and economic. Networks of relationships, the alignment of objectives, and power are key mechanisms that generate cooperation or friction within and across these fields. At this point, networks and their ability to serve as SC for their members should be located in the broader context, where the position of a network is an important determinant of its capacity to generate benefits for its members and to influence various governance processes (Foley and Edwards, 1999, p. 166). In this way, networks as a micro-foundation of SC can be linked to the meso and even macro political environment.

Chapter 4 - Methodology and research design

4.1 Introduction

This chapter outlines the research design for this study. As noted earlier, SC is a multifaceted, context-dependent and emergent phenomenon: it requires a relational framework. This means that a more complex, process-based, multi-method qualitative research design is required for an in-depth exploration. A qualitative, interactive design following Maxwell (2012) was therefore developed.[19] Keeping in view the critical realism (CR) position, the research design was sequential and theory-laden, which iterated back and forth between theory and empirics through to the final stage of data analysis.

Using a qualitative approach to investigate SC and local governance requires, among other things, identifying the types of networks that exist in the community, the location of networks in the various spheres of governance, the role of these networks in various governance processes, and their aggregate impact on local governance structure (Dudwick, Kuehnast, Jones and Woolcock, 2006; Svendsen, 2006). This chapter eschews mainstream methodological approaches to investigate SC, mainly because of their representation of SC as a universal phenomenon, their insensitivity to place and space, and their emphasis on productive outcomes associated with formal networks (Svendsen, 2006, pp. 41-42). Social networks and their functions are the product of historicity of political, social and material processes. This does not suggest that purely phenomenological approaches to the study of social networks should be adopted. Instead, a relational framework that combines both structural and phenomenological elements is required (Devine and Roberts, 2003). This relational approach was preferred over social network analysis because the latter was unfit for purpose (see note 17 and Section 3.4 of this thesis). The present study focuses on both individual and associational networks and the way their interrelationship generates externalities for governance.

The underlying assumptions of this research design are outlined in Section 4.2. In Section 4.3, the research questions outlined in Section 1.3 are translated into specific topical and empirical questions. Section 4.4 presents the conceptual framework drawn from the review of literature in Chapters 2 and 3. Section 4.5 discusses why a case study method is appropriate for the research, before Section 4.6 explains the two-fold process of

[19] The complexity of interactions across fields, deciphering multiple-nested networks and their overlapping operations, the sensitivity of some of the subjects covered, and the scarcity of data on bazaars, local governance and development, necessitated in-depth qualitative research.

case-selection and the units of analysis within the case study site. Section 4.7 then explains how the scope of the study was determined, and the exploratory research that was undertaken. Section 4.8 outlines the two stages of data collection, as well as explaining the issue of gaining access to the site and issues raised in conducting interviews. Section 4.9 outlines the data analysis methods used, while Section 4.10 discusses validity and relevant ethical considerations guiding the data collection, analysis and presentation. Finally, Section 4.11 offers a reflexive account of the researcher's positionality and the ways in which this shaped various decisions related to the research design.

4.2 Philosophical assumptions underlying the research design

Critical realism is a layered ontology comprising three domains: real, actual and empirical. In other words, it links the ontological, epistemological and methodological underpinnings of this (or any CR) research. The domain of the "real" includes objects and structures with causal powers and liabilities that cause mechanisms which may not be visible (Zachariadis, Scott and Barrett, 2013, p. 856; Maxwell, 2004). Lawson (1998, p. 21) argues that a mechanism is the pattern of acting or working of a structured thing. These structured things (either objects or social processes) hold causal power when they are called into action. They work as generative mechanisms to determine the actual phenomenon of the external world. They are not persistently or empirically observable, but their potentiality still exists and therefore they demand careful consideration. The "actual", meanwhile, is a sub-set of the real, and includes the events which have resulted from both exercised and unexercised mechanisms. "Empirical" refers to a sub-category of observable, experienced events of change (Zachariadis et al., 2013 p. 856). These stratified domains of CR allow the researcher to adopt a different mode of inference by identifying and explaining mechanisms (powers and liabilities) that are capable of producing the events (Sayer, 1992, p. 107). Table 4.1 outlines the stratified domains of CR ontology to show their mutual interrelation.

Table 4.1: Stratified domain of CR ontology

Real	**Actual**	**Empirical**
Structures, powers and liabilities	Generative mechanisms (interrelationship of structures and powers, and processes)	Events, situations and actions (manifestation of the actual)

Source: Author's elaboration from Fletcher (2016) and Danermark, Ekström, Jakobsen and Karlsson (2002)

Instead of seeking a linear cause-effect relationship, the focus of realist research is more on the causal power and underlying explanations that lead A to produce B in a

specific situation. As realists believe, there are few A-to-B causalities, and the real world is structured by a relationship of multiple causal powers that shapes human actions within a given context (Sobh and Perry, 2006, p. 1,199). For that matter, temporality (period), spatiality (place), agency (people) and process together have a combined effect on various causal processes. The knowledge produced by a researcher is contingent to his field experiences that allows him to confirm, modify or reject his specific worldview. In this sense, any research only uncovers fragments of reality. The focus is not merely on observable reality in the empirical domain, but on an explanation of what produces a specific outcome in a specific context (Ackroyd and Karlsson, 2014, p. 35). This suggests that the levels of reality in the stratified ontological framework of CR are integrally linked to each other (Fletcher, 2016). As Sobh and Perry (2006, p. 1,200) argue, because of this complexity of reality, a positivist method like surveys is unlikely to offer an understanding of the "deeper reality" and therefore should not be a major component of any CR research design (Ackroyd and Karlsson, 2014, p. 35).

Recognising this complexity of the layered world calls for SC to be investigated using qualitative methods, and also points towards the inadequacy of variance-based research design (Holt, 2008; Svendsen and Svendsen, 2006; Gowan, 2010; Tacon, 2014). In addition, a review of the business management literature suggests that research combining the structural, cognitive and relational dimensions of SC in an overarching framework tend to rely on qualitative in-depth interviews and interpretative data analysis methods (Lee, 2009, p. 259-63). Three particular factors are central to indicating that qualitative methods are appropriate for the present study. Firstly, unlike quantitative measurements, ethnographic accounts show that associations of a similar type with similar objectives in a similar context produce markedly different outcomes (Eastis, 1998). Secondly, understanding the impacts of the levels of generalised trust on agents' trusting dispositions cannot be captured by world value survey questions, due to cultural differences and varying understandings of the survey measures (Delhey et al., 2011); while network analysis, based on cross-sectional surveys, also fails to document the influence of power on agents' trusting dispositions within and across networks (Lee, 2009, p. 264). Thirdly, a researcher's ontological position, theoretical commitments and subjective biases affect the way in which SC is conceptualised and investigated (Devine and Roberts, 2003), whether it is viewed as a resource (Putnam, 1995), an access to a resource (Lin, 2008; Burt, 2000), a cause (network perspective) (Lee, 2009), or a consequence of enabling or constraining institutional environment (Svendsen and Svendsen, 2003).

In the literature on social capital and local governance, these diametrically opposed positions are often evident, as Section 3.4 suggests. Both the context and the role of agency in the formation and outcomes of SC are important, but are often neglected in network and institutional traditions using quantitative measures (Lee, 2009). The cause of this neglect lies in the tendency to attribute to networks universal qualities emptied of their place-based complexities (Holt, 2008, pp. 228, 230). Social networks and actors constituting these networks also have a history, which accounts for the intricacies involved in the formation of SC and the specific outcomes produced by it (Devine and Roberts, 2003, pp. 94-95). Bourdieu's approach to SC, unlike mainstream approaches, offers a better contextual understanding of its role (Foley and Edwards, 1999, p. 145). For Bourdieu (1986, p. 249), SC is not merely a matter of networks of durable relationships that provide their members with the backing of collectivity, but it is also linked clearly to other forms of capital that indicate an agent's ability to benefit from social resources (ibid., p. 253). Unlike other network scholars who follow Coleman's rational choice model, Bourdieu emphasises the temporality of experiences that shape human agency, which then reflexively interact with existing structures (Christoforou, 2013; Tacon, 2014, p. 240). Therefore, the existence or absence of membership-based associations or density of networks, in the absence of the data needed for multiple levels of abstractions, do not sufficiently account for the complexity of the layered world and the contribution of each layer in forming the whole (Devine and Roberts, 2003, p. 96).

Three principles of critical realism are central to the present research. Firstly, reality is theory-driven but not theory-determined (Fletcher, 2016). This implies that the mode of inquiry is neither purely inductive nor deductive: instead obduction and retroduction define the relationship between the theoretical framework and empirical research. Furthermore, the inquiry is process-orientated rather than variable-orientated, which means it places emphasis on providing detailed explanations of which mechanisms generate certain kinds of events. In this sense, it goes beyond the cause-effect relationship of observable patterns and events, and explores underlying structures and mechanisms that produce regularities in the observable patterns of relationships (Maxwell, 2004). And finally, reality exists, which is understood objectively through the experiences of the research participants. This implies that a problem theorised within a specific framework is approached through the experiences of the research participants, rather than imposing theory on their articulation of that problem (Pawson and Tilley, 1997, p. 161). Nevertheless, the researcher plays an active role by triangulating data generated from multiple sources to make more accurate sense of the experiences and dispositions of the research participants (Parr, 2013, p. 10).

Unlike grounded theory (Glaser and Strauss, 1967; Strauss and Corbin, 1994), in CR research, the preconceived notions of the researcher, based on the understanding of the literature, perform an important role in the data collection and analysis (Pawson and Tilley, 1997, pp. 159-162). This is because researchers with different backgrounds have approached social capital in different ways, and have uncovered "aspects of reality" (Maxwell, 2004; Devine and Roberts, 2003). However, the present research treats these theories as just initial theories, or what Miles and Huberman (1994, p. 17) call preliminary conceptual frameworks developed before entering the field. These theoretical frameworks are readjusted, redefined or updated after their interaction with the empirical research. In this sense, the research design developed is "interactive" rather than purely deductive as would be the case in positivist research, or inductive as with interpretive research (Maxwell, 2012, pp. 48-53, 88-90, 106-108). Chapter 9, in which the empirical findings are reconnected to the initial theoretical framework in Chapter 3, demonstrates this CR stance.

Disenchantment with cross-sectional and survey/polls methods leads SC scholars to believe in the efficacy of multi-method (not necessarily mixed) research (Van Deth, Maraffi, Newton and Whiteley, 1999; Devine and Roberts, 2003). Reality is fragmented, and is only partially known by the researcher. Thus, the mode of analysis used to analyse that reality is retroduction. In this mode of analysis, the researcher is aware of the values, beliefs and other structural influences on the views of research participants. To understand the influence of those causal powers and create an accurate description of the reality, multiple methods are employed for data collection, which are then triangulated to confirm, refute or modify any parts of the theory that was originally proposed (Zachariadis et al., 2013). This approach is necessary mainly because what is observed at the empirical level is caused by underlying structures and mechanisms. Conditions prevailing in the "open social world" may facilitate or prevent the actualisation of a structure's causal powers. That is to say, its effects may or may not be observed at the empirical level. Retroduction examines particular social conditions under which a particular causal mechanism takes effect in the social world (Fletcher, 2016). Therefore, CR studies are concerned more with theoretical generalisations instead of empirical generalisations (Ackroyd and Karlsson, 2014, pp. 22-24).

In summary, some major principles of critical realism serve as a guiding framework for the present study, because CR:

(1) Explains structures, mechanisms and context through the interrelationship between real, actual and empirical (Pawson and Tilley, 1997);

(2) Provides for triangulation of methods in which interviews are one of the central elements of the research design, but not the only method for investigating the subject (Maxwell, 2012);

(3) Combines both inductive and deductive logic, i.e. employs a theoretical framework, but allows for its modifications as a consequence of empirical findings, resulting in the research being theory-driven but not theory-determined; and

(4) Provides an ontological and methodological framework that captures the deeper mechanisms (power relations in the case of the present study), for understanding the daily realities of bazaar life.

The research design outlined in the rest of this chapter is guided by these foundational principles.

4.3 Research questions

The overarching question set out with its ancillary dimensions in Section 1.3 is further developed in specific theoretical and empirical questions in this section. There are two sets of questions, the first dealing with broad (conceptual) issues and the second raising a more specific set of empirical questions. These questions are linked to theories, methods and analysis. These linkages are displayed in a methods matrix (Maxwell, 2012). Table 4.2 consists of the questions that require analysis of the theoretical and empirical literature, while the questions in Table 4.3 demand primary data collection and analysis.

Table 4.2: Theoretical and topical questions

What do I need to know?	Why do I need to know this?	What type of data is needed?	How will it be analysed?
(1) What forms of SC are significant for understanding marketplace-local governance relationships in developing state contexts? Why and in what ways are these forms important? What types of SC are generated by marketplaces/bazaars within local economies? How are these embedded in local power relations? How does SC generated through marketplaces interrelate with development and working of local governance?	To understand the significance of different forms of marketplace interaction with local governance in varying institutional environments; to view the ways, if any, in which marketplace SC plays a role in local governance; to understand how SC is interrelated with different capitals (powers); to establish the outcomes of SC for local governance.	An inter-disciplinary literature review of local governance (decentralisation), social capital and marketplaces.	Conceptualising different elements of literature into a coherent theoretical framework; finding logical linkages between relevant theories and concepts for a coherent synthesis.
(2) What is the interrelation between different forms of social capital? How does this interrelation shape formal and informal governance interaction in the developing state context? What are the key institutional components (formal and informal) of local governance in Pakistan, particularly in Malakand region?	To understand the forms and processes of governance in developing states in general, its formal and informal institutional components and the role of SC in influencing those processes; and to explain the local governance system in Pakistan, its key institutional components, and to place governing by the government in the broader governance context.	Literature (both theoretical and empirical) on local governance (in developing states predominantly), on local governance in Pakistan, and on governance relating to the Malakand region.	Review and synthesis of both conceptual and empirical literature.
(3) How does the generation of social capital shape the role of marketplaces as an element of local governance in developing/ weak state contexts? In what ways is marketplace/bazaar SC significant to local governance in developing state contexts?	To understand the generation of marketplace SC in developing states and its negative and positive outcomes for various local governance processes, based on interaction within local governance structures.	Literature on marketplaces in developing states, on the forms of SC underlying marketplace interaction with local government institutions, and positive/negative implications for local governance.	Reviewing empirical literature on marketplaces in developing states, and theorising it into the conceptual framework.

Table 4.3: Field-specific questions, data collection and analysis methods

What do I need to know?	Why do I need to know this?	What type of data is needed?	How will it be analysed?
With regard to the generation of SC: what types of SC are generated by Batkhela bazaar?	To acquire a broad understanding of the forms of SC generated through the economic and non-economic interaction in the bazaar.	Exploratory research using survey questionnaire, field observations and pilot interviews.	Descriptive statistics, coding of the open questions in the survey, and triangulation with qualitative pilot interviews.
With regard to the aspects of local governance relevant to Batkhela bazaar: what aspects of local governance are important to the working and development of Batkhela bazaar, and why?	To develop explanatory logic of theoretical claim that bazaar-generated SC has implications for various governance processes; to identify the most relevant aspects of governance that explicate the role of bazaar-generated SC for local governance in the context of Batkhela bazaar.	Survey findings, additional comments made by survey respondents, and pilot interviews (3)	Triangulation of exploratory data and thought operations.
With regard to the implications of bazaar-generated SC for key evolving governance processes of the Malakand region: (a) What are the implications of the social capital generated by Batkhela bazaar for political participation and inclusion?; (b) how does the social capital generated by Batkhela bazaar impact upon regulatory practices in the Malakand Region?; (c) How does the social capital generation by Batkhela bazaar shape its role in the provision of social welfare services by government and social welfare associations in the Malakand District?	To gain an in-depth understanding of the structures, processes and mechanisms that shapes bazaar-local government relations; to confirm, refute or modify the major theoretical propositions; to generate knowledge that may be helpful for investigating bazaar-local government relationships in developing economies in general and in Pakistan in particular.	Semi-structured interviews, field observations, participant observations in political and social service provision events and analysis of relevant records of relevant organisations.	Thematic analysis, and collation of data generated using multiple methods: literature, survey findings, and findings of qualitative analysis (interviews, field observations, observations of relevant events, and analysis of legal documents).

4.4. Conceptual framework

The conceptual framework encapsulates the major elements of the inquiry: the theoretical assumptions, and the researcher's understanding of the theory and knowledge of the research area (Ravitch and Riggan, 2011, p. 9). The conceptual framework outlined in this section seeks to take ownership of the core concepts and the logic underlying their synthesis: it will be employed as a tool for learning about the subject, and will justify the research both substantively and methodologically while conveying its sense to the reader (ibid.). The conceptual framework outlined here, following Maxwell (2012, p. 39) is employed as a "system of concepts, assumptions, expectations, and beliefs and theories" to guide and inform the research. In line with realist research, it is used as a preliminary guiding framework that is subject to modification (Miles and Huberman, 1994, pp. 17-18).

As realist theory suggests, the process of the development of knowledge begins at the "most primitive" level by conceptualising objects and then proceeding to one of its specialised forms, structural analysis. This analysis demands an examination of the nature of relationships and structures (Sayer, 1992, p. 85). These relationships, in the context of Batkhela bazaar, involve those between the marketplace and local government, and those between agents embedded in social structures; while the relative strengths and weaknesses of these structures and mechanisms also require examination (ibid.). However, the theory proposed for investigating these relationships is not divorced from the mechanisms which shape them. For this purpose, a sequenced conceptual framework of inquiry including the theory, rational judgement (and thought experiments or reflexive framework) and exploratory research for scope determination guided the overall research process (Maxwell, 2012, Chapters 3 and 4). In a Bourdieusian vein, Chapter 3 linked the main objects of this thesis in a field-habitus-capital nexus. In the following paragraphs, the function of these objects in the study's conceptual framework is operationalised.

The marketplace, local administration and political sphere (political actors) constitute three distinct but overlapping fields of power within the local governance structure. Each field has some areas in which it is dominant and others in which it is dominated; and each produces capital that has utility (or influence) for the other fields. These fields do not operate independently of each other; instead, they are microcosms, each with their own particular stakes and rules. Networks of relationships link these fields, and these networks are governed by trust and reciprocity. Here, the operation of trust and reciprocity as a governing mechanism is the function of habitus, which can be described as an agent's familiarity with "the rules of the game" from the standpoint of an agent within that game. As argued in Section 3.3.1, habitus is a classificatory schema of conceptions for

interpreting and applying norms of cooperation such as trust and reciprocity. This familiarity evolves with the changing rules of the game due to unseen structures which are shaped by their material existence (distribution of capitals) (Houston, 2002, p. 163).

To investigate the role of SC in local governance, recognising the key operations of LG relevant to the marketplace was important in order to understand the influence of various structures and mechanisms in shaping the operation of SC. These structures are sometimes evident while at other times latent with sufficient causal powers. The state is, in the author's conception, a meta-field, and an important context for SC; therefore, its roles in shaping participatory structures, implementing regulations and providing welfare services were used as indicators for measuring its capacity, and also for measuring citizens' trust in government institutions. It was important for these indicators to be linked to the development of the marketplace for two reasons: firstly since it was argued in Section 2.3 that marketplaces are playing an increasing role in these aspects of local governance; and secondly since this role is structured by a constellation of networks (interpersonal and associational) within which marketplace actors are embedded. However, the main proposition of the study is that economic development as an outcome of marketplace development generates SC, which has implications for its integrative potential in the broader governance structure. Contrary to Putnamian tradition, marketplaces generate both individual and associational SC which influence the development of local governance. In addition, economic capital generated by the marketplace was identified as a key mechanism that shapes the power embedded in both individual and collective networks and their interrelationship.

4.4.1 Exploratory research

This preliminary conceptual framework, developed as an outcome of engagement with the wider literature, was further refined through exploratory research conducted in Batkhela bazaar in July-September 2015. An overview of the method used is provided in Section 4.7.2. However, its findings suggested the need to investigate the role of social capital both as an input and output factor in a number of areas of the bazaar-local governance interface. Five specific areas requiring investigation were identified as follows:

(1) The impact of bazaar-generated SC on the interaction between elected and appointed local government officials. Here, SC is viewed not as a cause or an outcome of the governance structure, but as a generative mechanism that shapes marketplace-local government interaction.

(2) The greater impact of informal institutions and relational networks on the businesses in the bazaar, in comparison to formal institutions. This finding does not

establish the weakness of formal institutions, but allows for an investigation into the causes of lesser impact of formal institutions on the bazaar economy.

(3) The norms of reciprocal expectations underpinning the structure and functions of the bazaar union, and also its strength. However, it was not clear at this stage how different power relations within Batkhela bazaar contributed to its strength or weakness.

(4) The implications of the SC generated in the bazaar for the provision of social services. However, the absence of the third sector's influence on local businesses, and business owners' membership of voluntary associations, requires an investigation into the deeper mechanisms that structure the reciprocal relationships between marketplace and voluntary associations and the implications of marketplace-SWA relations for state functions and local politics.

(5) The networks of friendship and family ties, which play an important role in different aspects of bazaar life as Jan (2014) argues.[20] However, these are not the only or even the most important networks in shaping marketplace governance and its relationship to broader governance structure. This gave rise to the following questions: What other types of networks do marketplaces generate, and what norms of trust and reciprocity govern these networks?; If norms are dominant institutions, what are those norms and what is their origin?; Are they a cause or consequence of relational networks in the bazaar?; and Does economic transformation of the bazaar have any impact on the role and operation of those norms, and if so, what is this impact?

In terms of marketplace interaction with local government, this phase also extended the focus of research from the input elements (functions of representative structure) of the political system to the output elements (administrative functions of government). That is, from the participation side to the implementation side of LG. Initially, the two major propositions of this study were: (1) that actors in the bazaar have an influence on local governance through their ties with elected local government officials; and (2) that these actors have an impact on local governance through direct participation in local government elections. However, the findings of the exploratory research rejected the latter proposition. Therefore, the focus was shifted to the implementation side, which has more frequent contact with the bazaar on different matters. Here, relational networks with elected local

[20] In their studies on Batkhela bazaar, Jan (2010, 2014) and Jan and Aman (2016) did not deal with the norms of trust and reciprocity, their role in governing individual and associational networks, and the role of these networks in either the bazaar or local governance.

government officials and other political actors also play a greater role. These interactions range from matters relating to the political structure of the district, to the implementation of regulations in the bazaar, through to the provision of social services in Malakand.

In summary, the overall conceptual framework establishes a bridge between the "real", "actual" and "empirical", in order to deliver an in-depth understanding of the processes and mechanisms of bazaar-local government interaction.

4.5 Why use a case study method?

There are primarily eight possible research designs from which a critical realist researcher can choose, of which the two leading methods are case study and comparative case study (Ackroyd and Karlsson, 2014, p. 23). For in-depth CR research, the case study method is the most suitable research design (Easton, 2010; Smith, 2010). Contrary to the variance-based positivist approaches that are concerned with observable events and their cause-effect relationships, the case study method offers an opportunity for in-depth exploration of the theoretical propositions in an iterative fashion. The major building blocks of this research, e.g. relating to SC (Krishna and Uphoff, 1999; Uphoff and Wijayaratna, 2000), marketplaces (Monteith, 2015; Lyons and Snoxell, 2005) and local governance (Mosse, 2004; Blair, 2000; Fukuyama, 2013) tell us separately that these phenomena are contextual in nature. Investigating the role of marketplaces as SC generators, and the implications of this for local governance processes, requires a contextual understanding of the conditions for certain events and situations caused by the use of SC by agents (Pawson and Tilley, 1997). Two examples from the literature illustrate this point very clearly. Firstly, Hummely (2016) found that better-organised marketplaces created incentives for the enforcement authorities to pay these organisations for better governance, but in other circumstances the enforcement authorities were interested in creating a divide within these organisations to enforce state policies (Monteith, 2015; Lindell, 2008). Secondly, local government may privatise marketplaces for better tax collection in one context (David et al., 2001, p. 35); whereas tax collection as a variable of marketplace-local government interaction may be absent due to constitutional provisions for tax exemption for the local economy (Khan, 2017a). In any event, marketplaces have a necessary relationship with the state, that is, they are the object of governance. In both cases, they generate SC: that is, they have collective organisation. However, the implications of this organisation, in terms of facilitating or preventing enforcement, is contingent on various contextual factors, requiring an understanding of the deep structures that explain the "dark" and "bright" sides of social capital for local governance. It also needs to be established whether these

generative mechanisms also explain why the enforcement authorities are interested in strengthening or weakening the organisation of marketplaces.

Neither Bhasker nor Sayer have developed a specific methodology for conducting CR research. However, several authors have made clear that they regard case study as the best-suited method for conducting CR research (Easton, 2010; Wynn and Williams, 2012, p. 788). Yin (2003, p. 13) states: "A case study is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident." A case study investigation deals with "the technically distinctive situation in which there will be many more variables of interest than data points, and […] relies on multiple sources of evidence, with data needing to converge in a triangulating fashion" (ibid., pp. 13-14). It does so by "sustained consideration of activities and behaviour in a particular location" (Ackroyd, 2010, p. 535, cited in Wynn and Williams, 2012. p. 795). A contextual phenomenon like the marketplace generation of SC and its implications for local governance processes is too complex to be explained by survey research; therefore an explanatory case study research methodology was employed (Baxter and Jack, 2008, p. 746).

In the present study, the set of five principles set out by Wynn and Williams (2012) for conducting CR case study research was followed. These principles are:

(1) Identifying and abstracting the event being studied, usually from experience, as a foundation to gain an understanding of what actually happens in a phenomenon;
(2) Explaining structure and context, which involves identification of components of social and physical structures, their context and the interrelationship between them, followed by their critical redescription from actors' viewpoints into theoretical concepts;
(3) Retroduction, which involves identifying power tendencies of structures that may have interacted to generate an explicated event (as in the first principle);
(4) Empirical corroboration, which requires confirming that the proposed explanation of the causal mechanisms is better than the available alternatives; and
(5) Triangulation and multimethod research (not necessarily mixed), which requires the use of multiple methods of data collection for supporting existing causal analysis with a variety of data sources, analytical methods and theories (see Table 4.3).

These principles were not followed in a strict sequence, but since they are dynamic and iterative, they informed methodological decisions at various stages of the research including data collection and analysis (ibid., p. 796).

Thus, ontological reference, the contextual nature of the major theoretical constructs, and epistemological considerations led to the case study method being identified as the optimal choice for this research. However, investigating the role of SC in a bounded context, i.e. the Malakand region, with its historical and contextual specificities, may raise questions for the generalisability of this research. Undoubtedly, marketplace-local governance interaction is contextual, since it is underpinned by certain factors such as the institutional design of local government, the size of marketplaces, the nature of economic activities, and the cultural context, all of which shape an agent's use of SC to the benefit or detriment of the state. This research offers explanations of the causal mechanisms involved in the production of negative and positive externalities generated by SC for various local governance processes. In this sense, the causal explanations of events and their theoretical outcomes are analytically generalisable across a wide range of marketplaces in multiple governance contexts (Piekkari, Welch and Paavilainen, 2009; Yin, 2013; Simons, 2015; Eisenhardt, 1989; for a critical perspective on this see Alvesson and Kärreman, 2011).

4.6 Selection of case study site and units of analysis

A two-fold case selection process was followed, including the selection of the case study site, and the selection of the embedded units of analysis for an integrative case study of marketplace-local governance interaction.[21] Pragmatic considerations such as the availability of literature on the case study, access, time and resources were initial considerations. These are legitimate but insufficient justifications for the case selection (Seawright and Gerring, 2008, p. 298). Jan (2010, 2014) has contextualised Batkhela bazaar in the local governance structure, and in the latter study he elaborates the role of cohesive vs. diverse ties in entrepreneurial successes. However, he does not explain the impact of these different forms of ties on various political processes, especially the evolution of the Bazaar Union (BU), the implementation of regulations, and service delivery. In addition, he offers an account of the emergence and evolution of the BU, but without contextualising it in relation to other bazaars and their unions. After exploring other bazaar unions in Malakand and the surrounding districts, the BU at Batkhela was found to be the most politically active. It also has the longest history of evolution as a traders' association in the region. Furthermore, Batkhela bazaar has evolved from a cluster of 15 shops in the early 1950s to a three-kilometre-long bazaar comprised of 5,500 fixed

[21] The choice of Pakistan and Batkhela bazaar has already been discussed in Chapter 1, and Section 5.3.4 offers an added rationale for investigating it. This section outlines only the methodological decisions.

shops at the time the present study was conducted, demonstrating its significance for the local political economy (Khan, 2017a). This evolution has implications not only for local social structures, but also for the development of associational SC, which is not explored in any of Jan's works on the bazaar (Jan, 2010, 2014; Jan and Raza, 2015; Jan and Aman, 2016).

This rich background information makes Batkhela bazaar an interesting case for exploring the generation and role of SC in local governance (Gerring and Cojocaru, 2015). The contextual nature of SC does not imply that the concept has no validity for investigating marketplaces (Krishna and Uphoff, 1999; Krishna and Shrader, 1999; Fafchamps and Minten, 1999). Instead, the operation of Batkhela bazaar provides fertile ground for gaining an understanding of the mechanisms generating social capital. Measuring the generation of SC and the outcomes requires multiple methods of investigation (Lyon, 2000; Häuberer, 2011, Chapter 1). To make this case study manageable, its boundaries were delimited by selecting three major areas of bazaar life as embedded units of analysis (Baxter and Jack, 2008).

These chosen areas were as follows: the evolution and role of the BU and its embeddedness in the broader political structure; the implementation of regulations in the governance of the bazaar (health, price and quality standards); and the complementary or substitutive role of bazaar-generated SC in social welfare provision by the state. These disparate areas are significant and relevant for the following reasons:

(1) All have direct relevance to bazaar life, its socioeconomic dynamics and the local governance of the region;
(2) Each, in its own way, explains the existence or generation of SC by the bazaar's economic activities, its integrative potential in the broader governance structure, and its impact on the development of local governance;
(3) Comparing these different cases enables testing of whether SC does not necessarily have a "dark" or "bright" side, and whether a combination of context, mechanisms and processes determines its role in local governance; and
(4) Reporting an integrated set of findings from these units of analysis in a holistic case study demonstrates how SC is deployed across these "social fields" of the same bazaar, and what mechanisms explain the use of SC in varying aspects of the interstices between formal governance institutions and local social structures (see Chapters 9 and 10 respectively).

4.7 Scope determination and exploratory research

The scope of this research was delimited at two levels: theoretical (during the literature review) and empirical (exploratory phase). An account of these phases is offered in Sections 4.7.1 and 4.7.2 respectively.

4.7.1 Scope determination before major field intervention

Delimitation of the scope of the literature was crucial due to the inter-disciplinary nature of SC and of this research in particular (Svendsen and Svendsen, 2009). Therefore, three broad streams of literature were identified which were then thematically focused on the critical aspects of this study. On a broader level, the literature on marketplaces (Pati-Sharman, 2011), SC (Durlauf and Fafchamps, 2004; Farr, 2004), and governance and decentralisation (Faguet, 2015; Fukuyama, 2013) were reviewed.

The scope was further refined by focusing on literature that encompassed all three subjects, or at least focused on the interrelationship between two of these phenomena. While identifying these two levels, a broad range of research on various elements of SC such as trust (Newton, 2001; Uslaner, 2013; Misztal, 1996; Frederiksen, 2014), reciprocity (Mauss, 1954; Emerson, 1962; Sahlins, 1972; Molm, 2010) and networks (Hsung et al., 2009; Burt, 2000; Granovetter, 1985) was reviewed in the sociological, political science and social economy literature (Portes, 1998; Newton, 1999; Rothstein and Eek, 2009; Sabatini, 2009; Borzaga and Sforzi, 2014).

In the literature, the role of SC in the interstices between formal and informal governance in general, and within the marketplace context in particular, is often defined in terms of its relationship to the formal governance structure. The concept of SC within the Bourdieusian framework explicates the role of human agency in both its individual and aggregated form. Bazaars or marketplaces represent an empirical setting where this formal-informal institutional interaction occurs. Thus an institutional design, i.e. formal governance structure, determines the context for the structure and function of informal marketplaces; the role of social capital within those marketplaces; its interaction with the state authorities at local level; and its embeddedness in, and implications for, the local governance environment.

Finally, similar strands of literature, if available, with a particular focus on Pakistan and the Malakand region, were reviewed to offer a contextual understanding of the theoretical premises of this research (See Chapter 5).

4.7.2 Exploratory survey and scope determination

CR research requires generation of both extensive and intensive data. The former is generated to identify broader statistical trends, while the latter is generated to gain an in-

depth understanding of the phenomenon (Fletcher, 2016). In this case, following Maxwell (2012), the extensive data was generated mainly during the exploratory phase to unearth the internal structure of the marketplace as a field and its linkages with other spheres of governance, such as elected political institutions, enforcement authorities and SWAs. This last unit of analysis was incorporated during the initial survey design, but how Batkhela bazaar generates social capital for this sphere of governance was refined after triangulating the survey data (see Section 5.3). The survey coverage was extensive and exploratory in nature: a large amount of data on both formal and informal networks of business owners was collected and analysed. Moreover, since the literature agrees that marketplaces are internally heterogeneous and their constituent elements (business owners) therefore have differentiated access to and influence on various formal organisations, it was assumed that marketplaces generate both associational and individual SC (Lyons and Snoxell, 2005). Accordingly, questions relating to both these dimensions were included in the survey questionnaire. This internal heterogeneity of marketplaces has implications for the production and operation of SC. For example, one critical proposition, in a Bourdieusian conception of social capital, is the contingency of social capital to economic capital. The literature on voluntary associations argues that this contingency affects the way associational membership is perceived by the members of these associations.

In addition, the differences between rural and urban population census data were also analysed to outline the context of the bazaar and its impact on the local economy and governance (see Appendix 1). Moreover, to understand the context of generalised trust in Pakistan, and in Malakand in particular, the World Values Survey (2011) data was used to sensitise the research to the general picture of social trust. The major exploratory survey was conducted between July and September 2015.

4.7.2.1 Survey questionnaire and data collection

The exploratory survey questionnaire (shown in Appendix 2) was thematically organised into four major areas in addition to demographic data such as age, gender, education and income, etc. The major themes of this thesis, namely social capital, local governance, the economically dynamic Batkhela bazaar, and evolving governance processes, guided the structure of the questionnaire. The survey was administered by the researcher in the form of face-to-face interviews. The questionnaire was translated into Pashto, which is the only language spoken in the bazaar. It comprised 75 items including mixed questions such as binaries, rating-scale questions, multiple-response items and open-ended responses. A strict sampling procedure could not be employed because the traders are often busy when in the market, and difficult to locate after they leave. Therefore, the

survey responses were gathered through random walks in the bazaar (Lyon, 2000), during normal trading hours at the respondents' business premises (Watson, 2009). The overall non-response rate was 20%: 250 traders were approached, of whom 200 agreed to take part in the survey. All the survey respondents were male, because local customs prohibit women's access to public spaces, and especially their access to trading in the bazaars (Mohmand and Gazdar, 2007, p. 7). The complete absence of women from the traders' community, local governance institutions related to the bazaar, and the SWAs that interact with the bazaar, excluded them from the sample. The aim of the survey was to collect extensive information regarding community resources, types of economic activities, major governance problems, and ways to achieve their resolution (through formal or informal networks) (Dudwick et al., 2006).

The questionnaire was designed to generate data around the following four themes:

(1) Features of economic life in Batkhela bazaar. This section comprised 39 items, with three major elements: (a) features of the businesses (b) features of the business owners, and (c) features of economic transactions in the bazaar.

(2) Bazaar governance. This section comprised 24 questions relating to the bazaar's internal governance and the influence of different formal institutions (such as elected local government, banks and police, etc.) on businesses in the bazaar. It also included questions regarding governance problems in the bazaar, disputes between traders, and their preferred channel of resolution for these problems. Bazaar members' affiliations with political parties, their voting tendencies in local government elections and their ties with elected local government officials were also explored in this part of the questionnaire.

(3) Informal networks (family and friendship ties). This section comprised nine items to generate data in three dimensions: (a) whether friends and family members have a positive impact on the business activities of individual entrepreneurs; (b) whether friends or family members who serve in any local government office are helpful for the businesses in the bazaar; and (c) the size of individual networks within and outside the bazaar.

(4) The collective dimension of SC (formal networks). This section, consisting of nine binary items, was aimed at exploring the role of the bazaar in generating externalities for the local governance environment. These externalities were captured by looking into the associational membership (voluntary associations) of bazaar members, and their contributions to community development and helping others in their community.

In addition to generating extensive data, this exploratory research helped in identifying some important dimensions for the major field intervention. A fairly high amount of associational membership was found in the bazaar, but reliance on informal networks was much higher. A respondent could simultaneously be a member of three different types of associations: the BU, a political party and an SWA, along with informal networks overlapping across these associational boundaries. Questions regarding voting behaviour and membership of political parties often generated additional comments: these could not be ignored, and instead became one of the central dimensions of the major field intervention. Similar "background noises" were frequently generated in relation to membership of the voluntary associations and their utility for individual businesses in the bazaar. On the rating scale from one to five, these voluntary associations were regarded as insignificant for the bazaar, but nevertheless 12.5% of the business owners were members of them,[22] and 27 % were contributing to their community development activities. This established grounds for thinking about the role of bazaar-generated SC and its contribution to the provision of welfare activities. To verify this emerging trend, a short survey comprising five binary questions, two rating-scale questions and two open-ended questions, was administered with nine SWAs: the results suggested that the bazaar served as an important resource for the activities of these associations (see Appendix 3).

Nevertheless, the arrow of causality suggested by the empirical reality is not straightforward: multiple structures and mechanisms in the actual domain shape this reality, and the relationships between the empirical and the actual are mediated by an agent's habitus (Ogutle, 2013, pp. 499-501). Two factors necessitated intensive data generation: firstly the inadequacy of the survey to grasp the complexity of the interrelationship between the individual and collective SC generated by Batkhela bazaar; and secondly the absence of further extensive data on various dimensions of the role of SC in relevant governance processes.

4.8 Intensive data generation: Semi-structured interviews and field observations

Eighty qualitative, semi-structured interviews were conducted for the intensive data generation (See Appendix 4). All but eight interviews were audiotaped with the interviewee's consent. The interviews lasted between 25 and 65 minutes. The interviews were a major, but not the only, source of intensive data generation. Field observations, through attendance at meetings of the BU, the price review committee comprising government officials and bazaar representatives, activities and events of the voluntary

[22] In the qualitative sample that comprised 80 business owners, membership of SWAs rose to 35%.

associations and two district political meetings, also formed a significant part of the intensive data generation. Additionally, field observations before and after the interviews offered a rich contextual opportunity for establishing the validity of the claims of individual interviewees. Much of this data offered a foundation for contextualising the interview responses, exercising analytical judgements, and identifying the structures and mechanisms that cause events (Smith and Elger, 2014, pp. 119-120). As in the case of the exploratory survey, all the interviews were conducted in Pashto, and were then transcribed and translated into English by the researcher before coding.

Semi-structured interviews were a logical choice for three reasons. Firstly, they provide the possibility of mutual knowledge production, whereby both the interviewer and interviewee are both involved in the production of knowledge. The interview guide was theory-driven (Pawson and Tilley, 1997, pp. 162-163), but the semi-structured design allowed the interviewees to shift positions to explore multiple dimensions of the phenomenon (Smith and Elger, 2014, pp. 111-112). Secondly, the thematic concerns of the theories in Chapters 2 and 3 were considered while forming the interview guide, but they were not mechanically translated into strictly worded questions (Maxwell, 2012, pp. 101-102) because of the diversity of the sample frame. Finally, as in constructivism, the subjective experiences and narrative accounts offered by interviewees were taken seriously, but critical analytical judgements were not suspended in the process (Smith and Elger, 2014, p. 119; Braun and Clarke, 2016). This means that interviewees' accounts were subjected to scrutiny by comparing them against other sources of data such as field observations and records where appropriate. This was also useful for guarding against interviewees' wariness of the process, which might have led them to answer inaccurately because of a lack of trust.[23]

Three important considerations grounded in the CR perspective guided the entire interview design:

(1) Selecting interviewees with varying patterns of expertise (sampling frame);
(2) Employing semi-structured interviews as a tool for investigating the reflexivity of agents; and
(3) Using interviews for understanding different aspects of a layered social world (Smith and Elger, 2012, p. 3).

With regard to the layered social ontology, the effects of the "real" in the "actual" and "empirical" domains can be understood through interviews. However, the empirical

[23] Analytical memos as a major sense-making tool were applied for this purpose following Miles, Huberman and Saldaña (2014, pp. 95-96)

domain includes those actions and events that are actually experienced by the agents, and they actualise the domain of material existence, consisting of events and experiences that shape agents' habitus. The "real" domain, on the other hand, includes structures and mechanisms that generate those experiences and events. It implies that interviews may not reveal a complete picture, but also suggests that without conducting an inquiry into the actions and subjective experiences of the agents, it is unlikely that insights will be gained into the empirical and actual representation of the actors (ibid., p. 5).

The sample selection was "purposeful" (Maxwell, 2012, p. 97), based on two principles: respondents' expertise and maximum variation. As Miles and Huberman (1994, p. 36) argue, even within a single case study, one cannot study everyone, everywhere, doing everything. For this reason, Miles and Huberman (ibid.) emphasise the usefulness of thinking in terms of a "sampling frame'. Following Maxwell (2012, p. 96), it is not just the interviewees who are being investigated: researchers are also concerned with events, processes and positions which must form the underlying principle of their sampling frame.

The discussion so far has outlined the broad parameters of this research, and the spheres of governance and their interrelationship which it has sought to explore. Maxwell (ibid.) rightly asserts that the initial processes, settings and events that come to researchers' minds are not always the most appropriate ones, which was true for this study of Batkhela bazaar. The criteria for sample selection became clear with the findings of the exploratory survey. Delimitation of the research scope made it clear what information was needed and who could provide that information (Pawson and Tilley, 1997, pp. 159-161). This consideration also influenced the gendered dimension of the sample frame (see below). The selection of interviewees with diverse backgrounds (traders, political actors and government officials) was aimed at analysing the perspectives they implied, the discourses they employed, and the role of their field-specific habitus, which proved fruitful for a holistic understanding of the phenomenon (Hammersley and Atkinson, 2007, p. 96).

Although a few design considerations, such as three embedded units of analysis, the use of semi-structured interviews and the number of interviews (one per participant), offered a rationale for a larger sample size (Morse, 2000, p. 4), any a priori sample size determination based on the rule of thumb was unfit for purpose (Crouch and McKenzie, 2006). Therefore, the basic parameters of the sampling frame were determined according to the CR principle of respondents' expertise (Pawson and Tilley, 1997, pp. 161-162). Given the broad aim of the present research, the initial sample was divided into traders, political leaders and government officials. The findings of the exploratory research helped in finalising these broad categories. A contact directory log was maintained to keep track

of the emerging dominant themes from the interviews, along with the marginal yet important themes that were important for the next interview (Miles, Huberman and Saldaña, 2014, p. 124). This tracking process facilitated the continuous evaluation of the sample size and closure decisions for each subcategory (Malterud, Siersma and Guassora, 2016). Malterud et al.'s (ibid.) insight regarding the inverse relationship between sample size and information power was useful in the closure of the sub-categories. The initial frame was designed for effective planning, but the ultimate sample size for the qualitative interviews was determined by information saturation across the three empirical questions outlined in Table 4:3 (Braun and Clarke, 2016, pp. 741-742). Hence, the research design and setting (Morse, 2000), the scope of the question/research aim (Malterud et al., 2016), the respondents' expertise (Pawson and Tilley, 1997) and information saturation together guided the subsequent stages of sample size determination (see also Sim, Saunders, Waterfield and Kingstone, 2018).

The sample frame was structured into three broad categories: traders (the largest part of the frame); government officials in three main departments including health, food and social welfare, along with key district administrators; and local political actors including currently elected and former local government officials. The sample size for the second and third categories was 10 each, while 60 traders were interviewed (as set out in Appendix 4). The business owners were further subdivided into three categories according to the type of information being sought from them: those who were directly involved in bazaar politics; those who were active members of and contributors to SWAs; and those who were involved in violating rules relating to health and quality standards. Regarding the third category, rule violation was found to be so pervasive that the size of this category could easily have reached twice its intended size (see Section 7.2.2 for further explanation of this point): therefore only business owners who had been convicted or were involved in ongoing cases were placed in this category.

Regarding the three main categories, it was assumed that government officials, political actors and business owners of varying sizes held distinct perspectives and experiences across vertical and horizontal divisions in terms of their location in the social structure (Smith and Elger, 2014, p. 129; Pawson and Tilley, 1997). Hence, the sampling frame was aimed at drawing out the distinct approaches and priorities of the respondents (Smith and Elger, 2014, p. 120).

The interview guide was semi-structured and theory-driven, since the goal was to understand how the SC generated by Batkhela bazaar functions in these varied spheres of governance, as well as how actors in the different spheres understand its operation. The

semi-structured nature of the interviews allowed the necessary flexibility for the theory to be refuted, modified or rejected altogether with the help of the knowledge produced by the interviewees. The key topics around which the interview guide was developed included government institutions, social structures, disputes between traders and their resolution, the role of formal and informal networks in offering support in the three areas (as explained in Section 4.6) of bazaar life, the implementation of regulations relating to health and food standards, trust in the government, trust in voluntary associations, trust in individual networks, the evolution of formal governance structure and the bazaar association, and social stratification and resultant tensions in the bazaar (see Appendix 5a for the full interview guide). A few questions on trust and reciprocity were included in the interview guide, but a deeper understanding of these norms of cooperation was inductively developed by analysing events and situations and the agents' responses to those situations.

A bazaar is a field of power, but not an inclusive public space: its rules of inclusion and exclusion are not determined by formal institutions, but by informal practices and customs. Owing to the strict patriarchal culture, gendered norms and fixed relational boundaries, women's economic activities are confined to household entrepreneurship (Gohar, 2010). For this reason, not a single woman, either in Malakand District, or in the surrounding districts of Dir and Swat (see Map 1) owns or works in any business in the bazaar (Jan, 2010; Suleri et al., 2016, pp. 7-8). Women are an important part of the marketplace economy as consumers, but even this role is regulated by the normative structure that is characterised by the "practical and symbolic division" of public and private spaces (Weiss, 1998). For instance, to visit the marketplace, a woman had to be either accompanied by a male, or by several women. Sectors like clothes, shoes, jewellery and medicines had large numbers of female customers; but in sectors like grocery, synthetic fibres, mobile phones and computers, currency exchange and other service sectors, there was no face-to-face interaction with female customers. In an environment as structured as Pukhtun society in Malakand, access to female participants as a male researcher proved to be challenging (Jan, 2010; Ahmed, 1980; Barth, 1959a). Ahmed (1980, pp. 7-8), in his seminal study on Pukhtun society and its economy, describes enlisting the help of his sister and wife to conduct the survey as "outsider" women; the researcher in the present study had extensive family ties in a village near Batkhela that allowed insights to be gained into women's entrepreneurial activities in the private sphere of the households. In this region, it is not only difficult for male researchers to interview women, but according to Saeed (2012), it is also a daunting task to find male participants for research relating to women and the domestic environment. Similarly, female

researchers may have different types of accessibility issues while conducting research with men in the marketplaces of Pakistan.[24] Nevertheless, the exclusion of women from the sampling frame was largely a question of their methodological irrelevance to the main objects of the study (Creswell, 2007, p. 204):, since "women's social capital", as it should be termed, was not involved in the everyday politics of the bazaar, the implementation of regulations, or shaping the bazaar's significance for SWAs.

4.9 Data analysis

Data analysis, as Maxwell (2012, p. 106) argues, is an essential component of the research design; it therefore began as soon as the first interview had been conducted. As in the previous stages, data analysis and its relationship to the theory is contested in qualitative methods generally, and in CR research specifically. Some researchers, such as grounded theorists, advocate an inductive coding and analysis process, whereas constructivists advocate using theory for organising and analysing data (Alvesson and Kärreman, 2011, pp. 5-6). Still others, in the CR spirit, adopt a middle way by advocating a flexible approach to coding and analysis (Fletcher, 2016). This suggests it is appropriate to use of obduction and retroduction, two key CR processes for data analysis. Since the present study produced multiple datasets – e.g. surveys, field observations, documentary records and interview data – coding and categorising as a mode of analysis were supplemented by comparing and contrasting strategies for identifying the interrelationship between context, mechanisms and outcomes. Hence, following Braun and Clarke (2006, 2016), flexible thematic analysis was employed. This method is not particularly wedded to any theoretical framework, and is suitable for CR analysis which sits between the dualism of theory-testing versus theory-generating modes. It shares with CR the notion of the dominant expertise of the researcher, but also requires a contextual understanding of reality through the experiences of the participants (Braun and Clarke, 2006, p, 80). Due to the absence of an agreed method of analysis in CR research, and very few examples of applied analysis (Smith, 2010; Fletcher, 2016), CR has been criticised as a "philosophy in search of a method" (Yeung, 1997).

Following the work of Maxwell (2012), the analysis in the present study was more grounded in the data. Fletcher (2016) criticises this approach due to its inductive overtones.

[24] The only exception is Amirali's (2017) study of an agricultural market in Okara (Punjab): her experience of female researchers investigating marketplaces reveals an important dimension of methodological limitations. As she states, "I was aware of being the talk of the *mandi* in the early days, stared at with both open curiosity and a strongly sexualized gaze. Walking around the courtyard, there were times I felt myself to be little more than a vagina on sticks" (p. 149).

However, two points are central to this positioning. Firstly, regardless of the mode of data analysis, the emergence of themes and patterns do not occur in an epistemological vacuum (Braun and Clarke, 2006). Secondly, even realists like Maxwell (2012) do not discount the role of theory in sensitising the researcher to the data, a point that Fletcher (2016) plays down in her theory-laden flexible coding method. Due to disagreements in the literature about methods, and a lack of proper fit between these two analytical traditions and the specific objectives of the present research, a distinct analytical framework was designed. Firstly, the entire datasets of the interviews and field notes were coded in the words of the respondents for sorting the data into what Maxwell calls organisation codes (or themes). However, unlike Maxwell, this process was theory-driven. Twenty-seven organisation codes were designed but were soon exhausted: this generated an interesting dialogue between theory and the data, which, in the CR spirit, called for obduction, or reformulating the original thematic codes (Sobh and Perry, 2006, pp. 1, 203). The 27 initial codes were expanded and reformulated into 34 substantive codes. This flexibility implies that theoretical codes were not unnecessarily forced on the data. Where counterintuitive data emerged, the existing theoretical codes were eliminated, redefined or expanded (Fletcher, 2016). One specific example relating to the structural dimension of SC illustrates this point (see Table 4.4). After identifying subthemes relating to the structural and cognitive dimensions of SC, the next step was to identify the context for the generation of these dimensions and their outcomes. For this reason, various comparing and contrasting strategies were employed to perform higher level theoretical abstractions. An outcome of these abstractions was the theoretical redescription of the relationship between individual and associational SC, which is one of the significant theoretical contributions of this study.

Table 4.4: The process of code expansion

Organising code on SC structural dimension	**Individual networks**	**Voluntary associations**
Expansion/redescription of organising codes	Family; friendships; economic networks; acquaintance-based networks; role-based networks	Interest-based associations (political parties, traders, literary clubs, rotary clubs); welfare associations (sports groups, health, emergency and relief, education)

Source: Author's data analysis

The practical utility of the analytical framework can be illustrated by a few key mechanisms and outcomes. For instance, in relation to the corrupt practices used for violating health and quality standards, the word "corruption" was never directly used in any interview, but emerged as a theme through terms such as "intercession", "help", and

"paying money for getting one's job done". These interrelated phenomena form part of the complex web of interdependence between retailers and their suppliers, traders and political actors, and political actors and government officials (further explored in Chapter 7): they were thus described as "power-dependence" relationships (Emerson, 1962, p. 31), a broader code that explicates the logic of cooperation in bazaar politics, the dynamics of health and quality regulations, and the provision of services. This notion of power-dependence helped in identifying various modes of trust and reciprocity that were relationally experienced by agents in the events occurring in the empirical domain. This explains the operation of hierarchical SC within both formal and informal networks. These two concepts – power-dependence and hierarchical social capital – have led to the development of the theoretical explanation of the "dark" side of social capital, especially in the context of the implementation of regulations in the governance of the bazaar (again, further explored in Chapter 7). It had initially been expected that institutional design, or the weakness of formal institutions, would cause the "dark" side of social capital to emerge (Wacquant, 1998), but it emerged that the power structures embedded in social relationships fed equally into the fragility of the institutions. This does not suggest an inevitable correspondence between weak institutions and hierarchical social structures: the interaction between these institutions in a given context determines their cause-effect relationship. Through this obductive analytical process, 34 themes were redescribed into six major theoretical codes. Table 4.5 further refines these six codes into a structure-agency matrix.

Table 4.5: Theoretical codes for marketplace-local governance interaction through SC

Theoretical categories of codes	**Habitus/agency**	**Structures**
Structure vs. agency	Trust; reciprocity; context	Institutions; networks; power (capital)

Source: Author

For developing these complex explanations of the mechanisms involved in causing any particular event and of the outcomes, Maxwell's (2012, p. 110) connecting strategies proved helpful to understanding both the events and the agents' reflections about them in the broader social and material context. Two major instruments constituted the core of these connecting strategies: the contact directory log, which offered ready access to the contextual information to interpret any event in a broader context (see Appendix 6 for an example); and reflexive memos, which were often developed to triangulate data for developing more valid explanations. Thus, different events were compared and contrasted,

and conclusions were drawn after applying many "if-and-then" tests (Miles et al, 2014, p. 304). This mode of inference is often evident in the chapters where findings are reported which allow the reader to understand how distinct mechanisms produce similar consequences, and how sometimes similar mechanisms produce varying outcomes. Put in CR terms, the power of *x* to cause *y* is dependent on *c* (context) (Smith, 2010). A general example in this case is hierarchical SC, which produces negative outcomes for the implementation of regulations, but has produced positive outcomes for the provision of social services. This mode was not simply developed during the analysis process: it was part of the data collection phase. After identifying critical incidents, a few were studied in detail to gain a greater understanding of the processes and mechanisms involved in producing outcomes.

Since this research uses multiple data sources that have been triangulated during the data analysis process, the presentation of the findings, especially in tabular forms, runs the risk of misleading readers. To avoid the risk of confusion, readers are reminded that the sample size for the survey and interview data was 200 and 80 respectively. Wherever the tables report figures/numbers of 80 or fewer, this implies that interview data is being used, while those reporting 200 respondents suggest that the table is using the survey data. In some of the tables drawn from the interview data, 20 or 23 total respondents are reported. This is due to the division of the interview sample into three categories: the politics of the traders' association, the enforcement of regulations, and social welfare provision. Four tables present numbers that are drawn from government records or records of SWAs. In addition, a note following each table specifies the data source used.

4.9.1 Validity of research findings

Validity is not an ex-post assessment of analysis: it is an integral part of the research design (Maxwell, 2012). There are different stances on validity in quantitative and qualitative research (Maxwell, 2012; Guba and Lincoln, 1985; Zachariadis et al., 2013). Maxwell (2012, p. 120) defines validity as the "correctness or credibility of a description, conclusion, explanation, interpretation, or other sort of account". This common-sense definition of validity has specific implications for CR research. For instance, Zachariadis et al. (2013, p. 59), in their comparison between conventional approaches to validity in qualitative and quantitative studies, argue that CR adopts a different stance on validity. They suggest it moves the centre of inquiry from observable events to the mechanisms underlying those events, while these can be independent or non-related to each other. This implies that a positivist researcher is fundamentally concerned with correlated events and their causal relationship, whereas the major concern for a critical realist is whether the

events were caused by the underlying generative mechanisms that have been hypothesised or uncovered. Secondly, for a critical realist, generalisability entails the generalisability of knowledge rather than the replicability of findings: in other words, it poses the question "Do the generative mechanisms that caused an event in the context under investigation produce similar (or even different) events in other domains?" Finally, as opposed to positivist research, constructing validity in CR implies that the empirical observations provide information about actual events that are presumably caused by the generative mechanisms (ibid., p. 59). Thus, the essence of CR validity, as Maxwell (2012, pp. 125-127) argues, is the integrity, not the replicability of one's findings, and the ways in which rival explanations, hypotheses and evidence are treated in order to validate the findings.

In the present research, a few specific measures were adopted for ensuring the credibility of the conclusions drawn. Firstly, the multiple methods of data collection used, along with the triangulation of the data generated through these methods, provided a considerable measure of internal validity. Triangulation was employed not only as a confirming strategy, but to also to look for evidence that could point to the conclusions being wrong.

Secondly, comparing the interpretation of events offered by different interviewees significantly reduced reliance on the interpretation of any event by a single interviewee. As demonstrated in Box 4.1, interviews do not provide the whole picture of the reality: they were therefore compared with other sources such as field observations, documents (government records and others), and the findings of the exploratory survey. This triangulation of methods allowed the strengths of each to sufficiently balance the weaknesses of the others (Shenton, 2004, p.66); it also prevented narrow abstractions based on the partial accounts of interviewees, again demonstrated by the account in Box 4.1.

Thirdly, member checking was conducted, which entailed taking the data or the researcher's interpretations back to the research participants so they could confirm or refute the researcher's account (Creswell and Miller, 2000, p. 128). Member checking could not be uniformly used across the whole sample because of time constraints and access issues, in particular to government officials and political actors. Participants were asked to comment on the researcher's interpretations rather than the raw data. A total of 31 respondents did so, which proved to be an effective strategy for establishing a credible connection between events and their reality. For instance, it had been observed that the everyday use of the term "friend" lacked any substantive meaning, but before treating this as grounds for a conclusion, it was shared with interviewees to elicit their opinions. One

interviewee confirmed: “If I use the word friend, it depends on the context. [...] Sometimes a person may not be my friend, but I will use the word friend to describe my relationship to him because the situation requires it” (Informal conversation with Sohaib, 16 May 2016). It can therefore be concluded that the word “friend” is used as an umbrella term, and that sensitivity to its figurative use and contextual underpinnings is essential in order to understand the networks.

Fourthly, the information gathered in the qualitative interviews was recorded additionally in analytical tables for drawing conclusions, specifically to examine which types of events were usual and which were rare. These tables, depending on the case in hand, included the frequency of responses, the frequency of occurrences, or simply comparisons between two cases. These “quasi-statistics” were used to draw conclusions and record discrepancies, and are embedded in the text in the chapters setting out the findings.

Fifthly, comparisons offered within interviewees’ own accounts were a helpful way to avoid inaccurate and narrow conclusions. Two essential techniques were used in this connection. In the first, interviewees, specifically wholesale traders and government officials, would comment on the marketplace-governance interaction in other regions. For instance, government officials, describing their experiences in other settings, would often compare the implementation of regulations or interaction with traders’ associations, commenting that “it was same there” or “the association was not very active there”. In the second, the sequences of experiences within the narratives of interviewees were inductively developed (e.g. references to “the previous cabinet”, “the current cabinet”, “in the past”, “the previous inspector”, etc; or in the case of government officials, “I could not impose penalties in my native town,” etc.)

Finally, a more abstract level contextual comparison between the researcher’s inferences and the existing literature on the region was developed (see Section 5.3.3). To guard against any bias in terms of theoretical commitments or a specific worldview, a few interviews were read and coded by a colleague. This exercise was aimed at identifying any bias that might have resulted from the author’s interpretations of the data as a lone researcher. The colleague was neither an expert in the subject area nor acquainted with the empirical context, but had a long-standing experience in teaching qualitative analysis techniques and doing research on social policy issues. More than 75% of the colleague’s codes matched those of the author.

4.10 Ethical considerations

Four major ethical considerations guided the entire research design: informed consent; keeping a balance between truth and reality; anonymity; and confidentiality (the relevant documentation for all these areas is set out in Appendix 7).

Informed consent implies that participants must both understand and voluntarily agree to the nature of research and their role within it (Israel and Hay, 2006). The current research adopted procedural consent and actual consent, the former in line with Middlesex University's ethics review board and ESRC research ethics guidelines (2015), and the latter requiring pragmatic judgements according to the situation. Participants were informed about the source of funding, and were offered the right to opt out at any stage before the final submission of the dissertation (Rowe, 2007, p. 44). Participation was entirely voluntary, and the interviewees were assured of anonymity and confidentiality (Parry and Mauthner, 2004, pp. 144-145). Given the cultural, legal and political environment, obtaining written consent proved anything but straightforward. Two distinct methods were adopted for obtaining consent from government officials and other interviewees. In the first method, a notification of cooperation was sent to the whole department by the district government, which helped in gathering relevant government records, but created additional difficulties in interviewing government officials, most of whom initially refused to be interviewed until convinced by other participants with whom they had personal ties. Consent forms were provided to government officials, who returned a copy to the researcher and kept a copy for their records. In the second method, consent was first negotiated orally, and the consent form was signed after the interview. This cumbersome method was adopted because the very act of obtaining signed consent was proving detrimental to the research objectives, since it was generating distrust about the research. At the time the fieldwork was carried out, the legal and political environment of Malakand was beset by suspicion and uncertainty because of a federal government notification to abolish the region's tax-free status.[25] In many instances, the researcher was assumed to be an income tax or customs official. On one particular occasion, an interviewee said: "I was informed before your arrival that an income tax official was coming here. If you want an interview, you have to first put your phone and recording device on my counter. After that, explain the purpose of your visit. If I am convinced, I will answer all your questions" (Grocery wholesaler, 15 June 2016). The interviewee's requests were respected and he later agreed to be interviewed. Not only that, but he later

[25] Recorder report. April 3 2016. "KP governor extends Customs Act, 1969 to Malakand Division, Kohistan". Available at www.fp.brecorder.com/2016/04/2016040332086/ [Accessed June 1 2016]

proved to be one of the many important "gate-keepers" for negotiating access to other business owners. Hence, the consent form was orally read to the participants before formally incorporating them into the interview process, and their consent was orally recorded. The tension between procedural and pragmatic consent was subsequently resolved by requesting signed consent forms from the interviewees in the final month of the research intervention. At this stage, nine interviewees opted out of the research process and are therefore omitted from Appendix 4.

Regarding the second major area of ethical consideration, that of keeping a balance between truth and reality (extensively discussed in relation to CR in the previous sections), it was ensured that the descriptions of the weakness of formal institutions, the ways in which rules were violated, SC's contribution to these violations, and SC's positive contribution to governance were close enough to mirror reality (Didier, 2014).

In terms of the third ethical area, that of ensuring anonymity, this was more complex and required certain analytical decisions and judgements, since procedural ethics relating to anonymity may appear straightforward, but do not necessarily offer direction in particular situations that arise during data collection or analysis (Kaiser, 2009; Parry and Mauthner, 2004; Wolford, 2005). Therefore, certain judgements were made in terms of presentation because the case study area was not anonymised: there was a specific focus on certain government departments, e.g. health, food and social welfare, and on key offices in the district administration, and the issues of corruption and intercession had to be illustrated through critical moments; but these locations and the actors involved could have been readily recognised by the local population via "deductive disclosure" (Kaiser, 2009). In addition, the use of three SWAs as case study material for social services provision highlighted the inability of the rather "cute concept" of pseudonyms to ensure anonymity (Wolford, 2005, p. 83). However, two points are important here. Firstly, Israel (2004) argues that officials who are socially accountable do not have an automatic right to anonymity, and that it depends on the researcher's judgement whether or not to grant this right. In the case of Batkhela bazaar, this right was denied to organisations and institutions, but granted to all the individuals. Secondly, not everyone wants anonymity (Israel, 2004, p. 3). However, to ensure uniformity, and to conform to the procedural ethics (informed consent form), pseudonyms were used to refer to all 80 of the interviewees. Furthermore, certain measures were adopted to ensure individual anonymity and reduce the chances of deductive disclosure. Firstly, the designations of government officials were concealed, and descriptors were used instead. For instance, senior officials such as district commissioner (DC), assistant commissioner (AC) and additional assistant commissioner (AAC) are

presented as senior officials. The officials' actual designations are used only in those cases that are publicly available in local news or social media, for instance those involving major tensions between political actors and administrative officials, mainly in instances where the BU is involved. Similarly, for inspectors from various departments, "inspector" is used as a general descriptor. For mayors and deputy mayors of union councils (UCs), the designation "an elected official of local government" is employed as descriptors because there are three UCs in Batkhela alone, and using these does not reveal the identity of the interviewees unless some background description (such as Upper, Middle or Lower Batkhela) is provided. To preserve the richness of the data, these union councils are assigned random descriptors of UC1, UC2 and UC3. However, in some places, references are made to district mayors or deputy mayors: these references are based on field observations where no consent agreement is involved. Additionally, information was classified as sensitive, less sensitive and not sensitive. The principle of harm to the respondent served as a yardstick for this classification (Parry and Mauthner, 2004, p. 144). All matters of corruption and related business practices in the bazaar were placed in the "sensitive" category. The "less sensitive" category contained instances where an interviewee's opinion may have had implications for him, e.g. identifying an act of malpractice supported by government officials or political actors, or expressing an opinion about a person who may have reacted negatively to that opinion. The "not sensitive" category included instances where no personal relationship between the interviewee and any other organisation or individual could be established, for instance, collective meetings of political parties against the administration, or SWAs' fund-generating events. However, a fourth category emerged from this third type, in cases where people's identity could not be concealed in any case because of their status, such as members of the BU, and presidents/ managers of the SWAs. Some of these participants expressed their desire not to be anonymised, while for seven others anonymity was renegotiated to obtain "additional consent" because altering the data was inappropriate (Asa, 1999, cited in Kaiser, 2009, p. 1,636). As noted in the previous section, the researcher's interpretations of the data was shared with many participants, which allowed adjustments to the consent process, and facilitated renegotiating confidentiality and anonymity where necessary (ibid., p. 1,639).

4.11 Reflections on positionality: From access to analysis

Contrary to the writing style elsewhere in the research, this section is written in the first person. In addition to the theoretical and ontological commitments that are evident throughout the chapter, my positionality was unique in various senses, influencing the choices for negotiating access, data collection and analysis in multiple ways (Berger,

2015). However, here I will reflect on the most important dimensions. I was male, Pukhtun and a local researcher, which made me an "insider" in both the cultural and regional context. Researchers who were either female or "outsiders" would have had difficulty in negotiating access and probing the types of subjects that I gained access to due to my gender and cultural-regional positionality (Kerstetter, 2012). However, my profession as an academic, and my lack of direct familiarity with Batkhela bazaar, classified me as an "indigenous outsider". I had many pre-existing ties in the region that enabled my access to the bazaar to be negotiated. However, none of these ties existed within the bazaar, creating difficulties during the pilot stage which required extensive data generation. During this stage, I had to employ a local, educated research assistant (RA) who was living in Batkhela town. This was not only a methodological choice, but a necessity due to my unique positionality as a visually impaired researcher (VIR). Employing an RA was helpful in negotiating initial access, but detrimental to the quality of the survey data generated, owing to the RA's political and religious affiliations. As explained in Section 4.6, the survey data was generated from random walks in the bazaar, but the RA preferred to visit his acquaintances or relatives, whose demographic data would have had less variation in terms of political affiliation and size of individual networks. The RA was replaced after generating 45 responses over four days. The new RA had family ties to the president of the BU, which proved useful both in terms of enhancing access and in generating data from diverse business owners; however, during the 125th interview, a conflict over political affiliation in the bazaar arose between the RA and the interviewee. For the rest of the interviews, I stopped relying on RAs and instead hired a local cab driver who facilitated the fieldwork. This generated people's confidence in my research, and my effort and ingenuity also inspired many business owners who helped negotiate my access during the major field intervention.

My visual impairment did not affect the recordings, interviews, note-taking, transcription or first-cycle coding due to my high level of proficiency with computers, smartphones and other technology. However, the issue raised its head again when it came to using NVivo or other Computer Assisted Qualitative Data Analysis (CAQDAS) software for organising the data and performing more sophisticated qualitative analysis. Given the size of the data corpus and multiple datasets that I had generated, the risk of missing useful data and trends was higher without a robust organising and retrieval system. It was my experience that the claims of the CAQDAS manufacturers regarding accessibility standards were not accurate (see Appendix 8). However, an answer to the inability of the CAQDAS software to facilitate VIRs was found in Microsoft Access;

hence all the databases and indices of organisational and substantive codes were generated in Microsoft Access (for information on how to use Access for advanced qualitative analysis see Hahn, 2008).

Chapter 5 - Evolving local governance, marketplaces and social capital: The Pakistan context

5.1 Introduction

Social capital (SC) is context-dependent. To understand its role in local governance, it is necessary to understand the specificities of, firstly, the role of local government (LG), and secondly, the role of wider local governance, featuring the interaction of formal and informal practices and institutions, with particular reference to the role of marketplaces. For this purpose, local government in this chapter is defined as state institutions, designed to deliver basic public services in a geographically bounded, sub-provincial area (Shah and Thompson, 2004). These institutions include elected and appointed structures and regulations defining their role in the wider local governance structure. The local governance structure, meanwhile, refers to the local political economy that encompasses both formal and informal institutions, the local economy, political and civil society organisations, and informal social relationships that connect the formal and informal spheres of governance (Shah, 2004, p. 1).

Developing the argument made in Chapter 2 of the present study, this chapter asserts that local government in Pakistan is weak, and that the sources of this weakness lie in poor institutional design and the asymmetric structure of powers in the social realm. Within this dynamic relationship between formal and informal institutions, marketplaces have evolved as an important element of local governance in Pakistan and particularly in the Malakand region. In addition to reviewing the literature on SC, local governance and marketplaces in Pakistan, this chapter also provides a context for the role of Batkhela bazaar as an element of the local governance structure, and identifies substantial gaps in the literature.

The chapter proceeds in two main parts. Section 5.2 explores the evolving political economy of local governance in Pakistan. It outlines the features of LG and its influence on SC; the wider governance structure within which LG operates and SC is developed; and the impact of the emerging bazaar economy on local governance processes in Pakistan. The role of local culture as an influencing factor is also highlighted. Section 5.3 then demonstrates that changes in the local government structure in the Malakand region co-evolve with socioeconomic transformations. This contiguous evolution provides the context for the role in various local governance processes of the SC generated by Batkhela bazaar. This section sets out the history of the governance structure in the Malakand region and profiles Malakand District, to provide a full context for Batkhela

bazaar's evolving role in the district's economy and as an element of the local governance structure. Finally, Section 5.4 sets out the chapter's conclusions.

5.2 Evolving local governance and social capital development in Pakistan

5.2.1 Local government

Local government in Pakistan is historically weak (Cheema and Mohmand, 2006, Cheema and Myerson, 2014). Central governments in Pakistan have always designed local government systems to consolidate and legitimise their rule, instead of creating meaningful participation structures (Ahmed, 2009). From British colonial rule of India through to its partition, decentralised local administrations were used to consolidate state power instead of empowering local communities. Since Pakistan's inception in 1947, decentralisation followed the same logic, albeit with the additional devolution of some responsibilities with limited authority. Four LG reforms have been implemented with the stated aim of devolving powers to local communities and improving service delivery. The key features of these successive reforms are summarised in Table 5.1. Apart from the most recent reforms, all have been introduced by military rulers in Pakistan. Without exception, the civilian governments that have followed military rule, rather than strengthening LG, have obliterated the system (Hasnain, 2008; Anjum, 2001). The reluctance of the political elite and bureaucracy to share powers with local administrations has remained a formidable challenge to meaningful decentralisation and empowerment through LG in the country.

Even the most ambitious local government reforms (the devolution plan of 2000) were underpinned by the same design considerations as those used in earlier changes, such as the consolidation and legitimisation of military rule, the creation of a loyal cadre of politicians to undercut the authority of the political elite, and the devolution of political responsiveness without meaningful powers (Shami and Faguet, 2015; Mohmand and Cheema, 2007, p. 47). After the most recent reforms, provincial and national political leaders continued dragging their heels on the issue of devolving powers until the Supreme Court of Pakistan passed an order on 2 March 2015 directing provincial governments to hold LG elections[26]. Even after the elections in 2015, provincial leaders delayed the devolution of powers to local administrations (Kakar, 2017, p. 3).

[26] Khan, A.S. "The ECP agrees to hold local body polls by September." Dawn, March 4, 2015. Available at www.dawn.com/news/11673 [Accessed 4 October 4, 2017]

Table 5.1: Features of four local government systems in Pakistan, 1959-present

Features/ Period of operation	Constitutional status/Constitutional protection	Party-based voting	Suffrage	Direct election to councils	Role of bureaucracy	Influence of provincial government	Seats reserved for non-Muslim minorities	Women's status	Method (general seats)
Basic democracy (1959-68)	None	No	Adult franchise (21 years)	Union Council level only	Heavy involvement of bureaucracy	Substantial provincial intervention	Yes	Excluded	SNTV-FPTP*
Local self-government (1979-89)	None	No	Adult franchise (21 years)	Union Council level only	Bureaucracy removed in theory only	Substantial provincial intervention	Yes	Excluded	SNTV-FPTP
Devolution Plan (2001-2009)	None	No	Adult franchise (18 years)	All three levels	Administrative head of the district made responsible to elected district mayor	Less provincial but greater central intervention	Yes	33% on local councils	SNTV-FPTP
Current system (ongoing since 2015)	Constitutional role under Article 140a of 1973 Constitution	Yes	Adult franchise (18 years)	Union Council level only, but provincial variations in upper tiers	Fiscal and administrative powers of district administration increased vis-à-vis elected representatives	Greater provincial intervention	Yes	Varies between 30 and 33% across provinces	SNTV-FPTP

Source: Author. *SNTV - single non-transferable vote system; FTPT - first-past-the-post system.

The 18th amendment to the constitution of Pakistan not only provides constitutional protection to LG under Article 140a,[27] but also devolves 21 departments, including local government, from the federal to the provincial government. The major devolved areas include health, education, social and population welfare, and food (Buzdar, 2017). Provincial administrations can legislate on the extent to which they wish to devolve powers and functions to local government. However, in all provincial acts relating to LG, elected councils are offered limited control over the fiscal and administrative affairs of the district. In a continuation of past practices, these LG acts place bureaucracy in a powerful position (Nelson, 2011; Shami and Faguet, 2015).[28] This ongoing dominance by bureaucracy of the fiscal and administrative affairs of the district is largely due to the state's fragility, the weakness of political parties, and the motives of the provincial government in seeking to avoid challenges that may arise from an autonomous and powerful local government. The underlying motive of the current drive towards decentralisation in Pakistan is political expediency, rather than an authentic intention to enact the essence of the 18th constitutional amendment, which seeks to empower the lower tier of LG (Kakar, 2017, p. 1). As observed in Section 2.3, LG in the developing world has a general weakness in terms of meeting its goals of increased participation and improved service delivery. The picture in Pakistan is similar.

Decentralisation in Pakistan has improved service delivery on some selected variables (Aslam and Yilmaz, 2011). However, a number of factors has led to the strengthening of patronage structures and targeted service delivery, rather than a wider strengthening of civil society (Mohmand and Cheema, 2007, pp. 55-57). Firstly, non-party elections have reinforced the influence of caste, class and kinship relationships on voting preferences, and have served to undermine party-based voting in LG elections. Recent research on LG in urban Pakistan has highlighted the positive impacts of party-based elections on upward accountability (Cheema, Mohmand and Liaqat, 2017). Secondly, limited fiscal powers (Kardar, 2006, pp. 90-91), the limited authority to allocate resources

[27] The 18th amendment to the constitution of Pakistan 1973 inserted article 140A which clearly states: "Each province shall, by law, establish a local government system and devolve political, administrative and fiscal responsibility to the elected representatives of the local governments" (cited in Kakar, 2017, p. 1).

[28] LG structure is typically divided in two major spheres: political (elected) and bureaucratic (administrative/enforcement) (Jacobsen, 2006). The author reserves the term bureaucracy for the administrative heads of *tehsils* and the district (district commissioner, assistant commissioner and executive heads of administrative departments at the district level); whereas officials of the district welfare, food and health departments are referred to either as enforcement officers or by their designation wherever applicable.

(Keefer, Vishvanat and Narayan, 2003) and increased electoral responsiveness have created incentives for political leaders to satisfy their constituencies by acquiring illegal favours for them from the administration. Thus, voting patterns are underpinned by voters' propensities to protect their narrow interests instead of aiming at the wider public good and improved service delivery (Javed and Rehman, 2016). Thirdly, resource constraints seriously impair local government's capacity to deliver meaningful services (Manning et al., 2003, p. 10). As Guess (2005) observed, own-resource generation by local government under Pakistan's devolution plan was limited, and 95% of resources were provided by the central government. LG dependence on provincial governments continues to be a major characteristic of the new system (Buzdar, 2017).

The technical, fiscal and political constraints on LG have further undermined its capacity to empower the local population (Guess, 2005, pp. 220-221).[29] For this reason, citizens' perception surveys comparing pre- and post-LG reforms find that the weakness of local government prevents a positive change in the perceptions of its capacity to improve governance (Arif, Cartier, Golda and Stone, 2010; Suleri, Shahbaz, Commins and Mosel, 2017). In the Pakistani LG structure, elected officials who are directly accountable to citizens enjoy the fewest powers (Hussain and Hussain, 2009, p. 300). They can, however, channel people's grievances to higher tiers of government (Arif et al., 2010, p. 44). Nevertheless, the weakness of LG is a designed characteristic aimed at justifying the control and intervention of higher tiers of government in the functions of LG. Reviews of the current local government system in Pakistan suggest that the provincial and federal levels maintain strong control over the local governments in their respective jurisdictions.[30] LG reforms, instead of contributing to civic improvement in the Putnamian sense of the term, have resulted in targeted service delivery and the development of patronage-based networks (Mohmand, 2008). Ahmad and Talib (2015) therefore argue that, although LG reforms have devolved state powers to the local level, they are yet to be translated into a sense of community and collective action at this level.

The design of formal LG institutions provides a context for the ways in which SC is generated and operates in the local governance structure. Regardless of the motives of

[29] Design constraints are a historic characteristic of LG reforms in Pakistan. Before the 18th amendment to the constitution, central government were responsible for legislating on LG; since the 18th amendment provincial governments have held this responsibility.

[30] Under the 18th amendment to the constitution of Pakistan 1973, local government became a provincial responsibility. Therefore, each provincial government passed its respective LG acts in 2012-3, and Islamabad federal territory has its own LG system that operates under the federal government (See Murtaza and Rid, 2016; Kakar, 2017, p. 1)

institutional designers in Pakistan, LG reforms arguably open up participatory structures for new entrants (especially non-elites) in local politics (see Zaidi, 2005). For instance, "almost 350,000 Pakistani citizens with little or no previous experience of electoral contests participated in municipal level elections across the country in 2015" (Akhter, 2017, p. 142). Demographic data regarding the mayors and vice-mayors from 22 of the 28 union councils in Malakand District reveals that 65% had contested LG elections for the first time in 2015. This suggests that "ordinary people" maintain an interest in politics, and that introducing participatory structures to LG accords them the expression of this interest. Akhter (ibid.) further notes that these "ordinary people" participated even though they were conscious that those with more money and power would dominate the electoral game. As previously noted in Section 2.2.1, decentralisation allows for opening up the field for participation and representation, but its functions are not independent of other fields such as the social structure of the local economy, the evolving marketplace, and the existing bureaucratic/administrative structures (Stokke and Selboe, 2009, p. 62).

To summarise, LG in Pakistan is able only to generate restricted types of SC such as patronage-based networks, weak associations embedded in asymmetric power relations and loyalties based on quid-pro-quo arrangements (Filčák et al., 2017). This is mainly for two reasons. Firstly, formal institutions, even in the most developed states, do not have the capacity to generate Putnamian-type SC (Cento Bull and Jones, 2006). This incapacity is amplified in the developing state context, which is characterised by weak states with strong societies (Migdal, 1988, cited in Goodwin, 1991, p. 217). Secondly, and as a result of this incapacity, the focus on state institutions and their capacity to deliver services often leads to narrow conceptualisations of local governance, and especially of the role of SC within it. As Mohmand (2016) argues: "In rural south Asia, a great deal of governance is conducted through agents, social networks and procedures that do not feature in the formal text and sometimes seen to violate wholesale the law, norms of good administrative practice, and the principles of representative democracy." This implies that the sources of authority are complex and varied, and an understanding of public authority runs the risk of being incomplete if it is based on narrow conceptualisations of politics and governance centred around formal state institutions. (ibid., p. 5). Therefore, the design of local government systems and their structure and functions alone are unable to explain what is going on in the informal realm. The need for understanding local institutions and associations, their internal norms and power relations is a "must" for any governance intervention aimed at generating SC for local governance (Suleri et al., 2017, pp. 23-24).

5.2.2 Local governance

This section argues that civil society is weak in Pakistan because its politics is historically instituted within the model of patron-client relations. This does not imply that there is an absence of prospects for SC generation. Instead, the social structure of the local economy determines the type of SC that the governance context generates (Bourdieu, 2005). Any change in the distribution of capital affects relationships within the informal realm, and generates interdependencies across the formal and informal spheres of governance. In this sense, social capital affects the functions and outcomes of government institutions, as Putnam argues, but SC is context-dependent in that its operations and outcomes for governance are contingent on the distribution of capital within the region (Schulman and Anderson, 1999). The literature on SC and local governance in Pakistan is limited, but provides a solid contextualisation of SC and its role in the local governance structure (Beall, 1995, 1997; Mohmand, 2008; Khan, 2017b). The key characteristics of the wider local governance structure in Pakistan comprise elite capture, patronage politics, economic inequalities, social stratification, changing socioeconomic configurations, informal networks and group affiliations, and weak civil society (Mohmand, 2008). These features are common to most of the developing world (see Section 2.2).

Elite capture is a central problem of local governance in Pakistan which is underpinned by economic inequalities (Easterly, 2001, p. 3). As a consequence, local government elections or service delivery functions fail to empower marginalised communities (Martin, 2015). The landed elite in the rural areas (Mohmand, 2011) and the business elite in the urban context undermine government efforts aimed at inclusion (Murtaza and Rid, 2016). For instance, in the 2015 LG elections in Islamabad, a large number of seats reserved for peasants and labourers were captured by affluent people. Of these reserved seats, 35% were taken by traders, 15% by property dealers and 11% by professionals, with only 11% going to representatives of the marginalised communities for whom the seats had been intended (ibid., p. 33). Evidence from rural Punjab suggests that the landed elite employs violent methods and threats of eviction against sitting tenants to acquire votes in LG elections (Martin, 2015). However, Khan (2017c) did not find any evidence of coercion or threats of eviction in Malakand District, because of the area's more fragmented land holdings (see also Mohmand and Gazdar, 2007, pp. 6-7, for Dir District). Mohmand (2008) found that rich neighbourhoods of LG areas with elected mayors were better served than the poor parts of the same electoral ward.[31] For this reason, the literature

[31] For similar findings in urban context of Faisalabad see Beall (1997).

on service delivery in Pakistan argues that Putnamian-type SC is unable to explain local governance in both rural (Channa, 2015) and urban Pakistan (Beall, 1997).

Economic inequality is an important determinant of the stocks of SC for local governance in Pakistan. Sajjad (2012), in a comparison between southern and northern Punjab, notes that in the south, where economic inequalities are higher, community social capital and the accountability of government officials are lower, while in the north, which has higher levels of economic development, there is a higher level of civic engagement and government officials are more accountable. Evidence from rural Punjab suggests that the relationship between political actors and voters is not one of feudal domination but of changing power relations, and landlords modify their strategies to adapt (Mohmand, 2011, pp. 205-206; Anderson, 1978). If SC serves as an "institution of restraint" on the conduct of government officials, as Hussain (1999, p. 512) argues, then the economic conditions of the community are an important determinant of the quality of that social capital (Beall, 1997).

The weakness of civil society in Pakistan is often attributed to economic inequalities, asymmetric power relations and clientelism (Mohmand, 2011, p. 212; Beall, 1995, p. 444). As Mohmand (2008, p. 388) argues, the specific social structures that give rise to social stratification, conflict and marginalisation deprive the poor of access to resources and opportunities. As previously noted (see Section 2.1), the local economy is an important factor in this connection (Faguet, 2015). Mohmand and Gazdar (2007, pp. 5-6) in their study on social structures and poverty in six districts across Pakistan, found that in Dir District, which had among the lowest economic inequalities of the districts studied, SC was higher than in the districts with higher inequalities in land distribution. They argue that social structures are a major cause of social exclusion and poverty: in other words, the unequal distribution of economic capital – a major characteristic of the South Asian economy – underpins the structures of exclusion, whereby the traditional landed and capitalist elites enjoy dominance. However, economic transformation, coupled with increased governmentalisation, not only provides opportunities for the upward mobility for the poor working in the agricultural and non-agricultural informal sectors, but also generates new patterns of dependence in which the poor can exert pressure over their political representatives through collective organisation (Chatterjee, 2008, p. 59-61).[32]

[32] Unlike Chatterjee's notion of political society that is distinct from civil society, in which the former is the realm of collective action of the poor while the latter is dominated by the bourgeois, the author views the collective action of the poor as weak social capital (Beall, 1997) that has the potential of being transformed into active SC, a possibility that Chatterjee discounts.

This suggests that SC exists both in villages (Suleri et al., 2017; Akram and Kumar Routray, 2013) and in the urban governance structures of Pakistan (Beall, 1995). However, the economic conditions of a community determine the sustainability of its SC. Beall (ibid.), in her study of 10 marginalised communities across Punjab and Sindh provinces, found that the social networks of these poor communities provide a social safety net that acts as a substitute for ineffective formal institutions. However, these communities are resource-constrained, which makes Beall (ibid., p. 404) sceptical about the sustainability of their SC.

Pakistani politics at both the national and local level have historically been instituted within the model of patron-client relationships (Hussain and Hussain, 2009). These relationships are asymmetric and individualistic, and are often developed in the informal realm of governance. From everyday practices in the provision of services to the design of participation structures, these patron-client ties structure the patterns of citizens' access to state institutions (Mohmand, 2011). The literature on SC in Pakistan agrees that these hierarchical relationships are a major hurdle to the development of effective civil society (Mohmand, 2008). Unsurprisingly, disagreements on the question of the political agency of the poor exist within the literature on patron-client relationships. One strand argues that these relationships simply reproduce traditional hierarchies and limit access by the poor to state institutions (Martin, 2013, 2015). Others view these relationships as dynamic and flexible, and as affording a limited degree of power to the poor in terms of their access to the institutions (Lyon, 2002). As Lyon (ibid., p. 192) argues, these ties are not fixed bonds of loyalty, but rather are voluntary reciprocal relationships based on the mutual interests of the parties involved, stating: "Neither the factions nor the patron/client ties should be understood as enduring or fixed sets of relationships but rather should be understood as flexible bonds which are instantiated for particular purposes, some of which may appear relatively long term" (ibid., pp. 197-198).

Within this discursive space, informal relationships are developed around formal governance processes which constitute "the politics of common sense" (Akhter, 2017, p. 1). Akhter's (ibid., p. 11) insights into changes in Pakistani politics, the rise of informal trade, changing socioeconomic relations, and the implications for various governance practices, demonstrate change both from above and below. These insights show that the logic of state and capital together structure these patronage relationships in a dialectical fashion (Chatterjee, 2008, p. 59). A key argument of Akhter's account of Pakistan's macro-level politics is that the changing structures of power have resulted in the

emergence of new forces, and have thus constituted the evolution of patronage structure (Akhter, 2017, p. 13).

The most important element of Akhter's study is the issue of the rise of informal traders in the services and retail sector, which, according to Akhter, has gradually become part of the politics of common sense.[33] Akhter (ibid., p. 12) argues that this has made corruption and intercession primary characteristics of the Pakistani governance structure. However, the study's grand theorising with an explicit commitment to materialist models of coercion and consent leads Akhter to discard any possibility of change as an outcome of the reflexive engagement of agency with these structural forces (Stokke and Selboe, 2009). Kaviraj's (1988, pp. 2,429-2,433) critique of class-based political economy models correctly highlights hierarchies within the classes, and the interdependence that holds these classes together. Kaviraj notes that the dissatisfaction of any component of this class structure with the existing arrangements leads to a change in the patterns of cooperation. Nevertheless, these structuralist, macro-political economy models are lacking on two grounds: there is an implicit or explicit omission of the reflexive engagement of individual agency with evolving class structures; and an inability to offer a meso-level place-based explanation of local governance practices. Contrary to Akhter's (2017) argument rejecting the possibility of change brought about by the reflexive engagement of agency with structural forces, there is much more yet to be seen regarding the role of emerging collective action, which may restructure existing class relationships without necessarily reproducing these structures.

Due to the peculiarities of local governance structures in South Asia, postcolonialist scholars such as Chatterjee (2004, p. 66) reject social capital and civil society as useful theoretical lenses to explain governance in such contexts. Chatterjee's criticism of SC is directed specifically towards the Putnamian notion of SC, owing to its focus on the civic community with positive outcomes both for its members and operation of government institutions. To explain collective action and its outcomes for community and government institutions, Chatterjee develops the concept of political society. Chatterjee (ibid., p. 66) contends that organisations emerging out of excluded classes exert "the right pressure at the right places in the governmental machinery". In addition, often these organisations appropriate powers for themselves and thus lose the community's trust. Chatterjee's premise that the poor also have organising power, which accords them a degree of

[33] Or part of the politics of the "governed" or the poor in the informal sector who manipulate changing state-society relations in Chatterjee's (2008) terms.

influence over formal governance institutions through political actors, is correct. However, the analysis of SC in the present study requires distance from both Chatterjee and the critiques of his concept in Pakistan's context for two distinct but related reasons. Firstly, SC is a useful concept for explaining the local governance structure in Pakistan and similar contexts if viewed through a Bourdieusian lens (Mohmand, 2008). Secondly, the structural determinacy in Chatterjee's critiques (Akhter, 2017; Martin, 2015) incorrectly deprives the poor of any individual or collective agency that is reflexively developed in their everyday engagement with governance structures. It is this reflexive engagement with changing government structures and economic relationships that explains the role of trader communities built around marketplaces as an element of local governance

5.2.3 The bazaar as an element of local governance

Within the context of evolving local governance in Pakistan and the role of marketplaces as one element of this, the literature on marketplaces remains significantly underdeveloped. Overall, however, the literature agrees that marketplaces have resulted in political inclusivity due to their transformative potential from below (Jan, 2014; Javed, 2017). This section argues that marketplaces have evolved into a significant element of local governance with socioeconomic and political implications.

Marketplace evolution in Pakistan has significantly influenced the country's class-based, patronage structures. Economic restructuring over the past four decades and the rise of the traders' class has restructured the traditional relationships of domination between the landed (property-owning) and landless classes (M.A Jan., 2017, pp. 1-2). This change is more conspicuous in rural areas, which are often dominated by a landed family or a group of these families. Martin (2015), in his ethnography of a Punjabi village, observed in passing that the development of market towns had allowed the occupational classes to escape from traditional patronage relationships and forced labour. For Akhter, "shopkeeping" is the most common means for upward mobility for subordinate classes" (Akhter, 2017, p. 86). Ahmed (1980, pp. 297-303), in his brief account of the bazaars in Mohmand Agency, found that the economic opportunities generated by marketplaces had forced members of the landed class (against their traditional class habitus) to adopt trade as an occupation due to their changing socioeconomic conditions. The majority of the businesses in the bazaars were owned by the landed class, who hired members of the occupational classes to run the businesses on their behalf. Beneath this simple transactional pattern lay changing patterns of structural interdependence: for a Pukhtun landlord, trading in the bazaar was seen as undermining his "honour", as it would ultimately mean joining the ranks of the occupational classes.

The implications of evolving (rising) marketplaces for political inclusion are even more significant than their role in the changes to patronage structures, and have received by far the most attention in the literature on Pakistani politics. Market traders and shopkeepers are "the most vocal of the intermediate classes, and are often at the forefront of popular agitation" (Akhter, 2017, p. 86). As Wilder (1999, p. 131) notes, the "shutter power" of the bazaar has a significant and immediate impact on government. Beyond the politics of agitation, the influence of marketplaces extends to the politics of participation and inclusion. Jan (2014), in his study of Batkhela bazaar, notes that the socioeconomic transformation due to Batkhela bazaar has resulted in political inclusivity, although he is unable to explain the ways in which this inclusion has occurred in terms of participation, or the implications for the governance of service delivery. In his study of markets in urban Lahore, Javed (2017) argues that the rise of the trading class reflects a gradual shift in election patterns, which has rendered traders the second largest occupational class in politics. In the 2015 municipal government elections, Javed (ibid.) notes that 184 of the 268 elected members of the ruling party were entrepreneurs from the bazaar sector.

Amirali (2017, pp. 144, 190, 275-9) concludes that politics is still dominated by those with access to economic capital and with some social standing in their town. However, she noted the growing role of the traders' community, especially the involvement of its affluent members in local politics, and the traders' strategy of cultivating patronage relationships by sponsoring the candidacy of politicians and maintaining well-connected institutional networks (ibid., p. 144). This increased role of business in politics has particularly influenced bureaucracy-elite relations, strengthening the ties between the political class and the traders' community to the detriment of the administration (ibid., p. 275). Chapter 6 of the present study will investigate in greater depth how the marketplace influences local politics.

Marketplaces also impact on the governance of service delivery. As Javed (2017) argues, traders develop both internal and external networks that help them negotiate taxes with local government, land-use rights and municipal services. Asad Ullah (2014) found in his study of Sharaqpur bazaar that traders negotiate the payment of bribes rather than relying on legal channels owing to lack of trust in the administration of justice. This sometimes, as Asad Ullah reports, leads to abuses of power by administrative officials which in turn lead to informal negotiations between traders and the local administration. However, these informal negotiations are not necessarily an outcome of the abuse of power by the local administration. Hasan et al. (2008), in their study of street vendors in the marketplaces of Karachi, found that the collective political agency of traders thwarted the

administration's plans to improve local governance. These accounts of marketplace actors focus on the "dark" side of the increasing political agency of traders for the governance of service delivery (Amirali, 2017, pp. 276-277). However, these accounts fail to focus on the dynamic interdependence that evolving marketplaces, as increasingly significant elements of local governance, generate between the political and administrative spheres of governance. Within this context, the participation of traders in elections is not the only way to measure change; it can be also observed in the extent to which traders rely on the local political elite to access state institutions (Khan, 2017a).

The role of marketplaces in service delivery is also linked to Islam. Traders are often linked to Islamic political parties, mosque committees and religious philanthropic foundations. In performing their service delivery functions, these foundations benefit from the religious embeddedness of the bazaar traders (Javed, 2017). Historically, it has not been possible to distinguish religious giving from the interdependence between religion, the economy and politics. Given that Pakistan ranks sixth in the world in terms of religious giving (Osella, 2018, p. 4), the implications of giving for service delivery and the role of marketplaces in this connection remain underexplored. Moreover, the roles of interpersonal networks and trust have entirely escaped the analytical attention of scholars on marketplaces in Pakistan (Jan, 2014; Javed, 2017; Akhter, 2017; Amirali, 2017; Ahmed, 1980). Despite a trader's religious obligation to donate, interpersonal networks and informal social exchanges among traders are central to facilitating service delivery by charity associations. The social complexity of bazaar-generated SC and the implications for service delivery are explored further in Chapter 8 of this study.

The existing knowledge on the role of marketplaces as an element of local governance, especially in relation to the SC they generate, has two major limitations. Firstly, in its focus on the issues of class power and patronage relationships, the literature on marketplaces in Pakistan views the state and markets as two broad categories. It therefore overlooks their internal conflicts, and the complex processes of SC generation across these spheres of governance. Moreover, informal relationships of patronage influence service delivery processes, but the literature omits any role of trust and reciprocity as key explanatory factors in the governance around service delivery. Secondly, the literature that directly delves into the role of marketplaces in local governance has focused on urban metropolitan centres (Akhter, 2017; Javed, 2017; Hasan et al., 2008). In their illuminating historical account of marketplaces in Pakistan, Hasan and Raza (2009, pp. 39-43) note a decline in the political significance of marketplaces in small towns due to the rise of large urban metropolises. This observation may be true in terms of the

traditional role that marketplaces performed. However, this urban perspective impedes understanding of the integrative potential of marketplaces as an element of local governance. Furthermore, the context for the present research is distinct, in the sense that Batkhela bazaar has evolved from a village economy to an officially designated urban town of Malakand District (Jan, 2017).

5.2.4 Local culture and governance: Pukhtunwali

Any discussion of state-society relations in Malakand District is incomplete without reference to Pukhtunwali (Marsden and Hopkins, 2013, pp. 1-2). Pukhtunwali can be defined as an informal institution in Uphoff's (1993) sense, as a composite of norms and behaviours that persist over time. As Harriss-White (2010, pp. 170-171) argues, informal institutions tend to guide economic behaviours owing to ineffective state institutions and the complexity of local social realities in developing states.

As a set of social rules, Pukhtunwali is an important element of the local political economy in the Malakand region (Barth, 1959a, Chapter 4; Lindholm, 1979). The literature regards it as a source of private order in the weakness or absence of the state (Ginsburg, 2011). In relation to marketplaces, Pukhtunwali defines rules of inclusion/exclusion, regulates economic and non-economic exchanges (Ahmed, 1980, pp. 299-300), and underpins the logic of collective action. However, the role of Pukhtunwali in relation to marketplaces or governance is non-deterministic. This means that the practice of Pukhtunwali is co-evolving with economic and political change: as a cultural practice, it is not fixed, but is constantly being reproduced. For instance, the adoption of trading as an occupation for a member of the landed class was against the ideals of Pukhtunwali (Lindholm, 1982, pp. 122-123; Ahmed, 1980, pp. 297-298). However, with the changing distribution of capital and power relations, that "ideal model of Pukhtun society has changed" (Ahmed, 1980., pp. 202-203). Moreover, the changing technologies of production and the increased monetisation of the local economy have fundamentally restructured the traditional patron-client relationships that are characteristic of Pukhtun society (Anderson, 1978; Lindholm, 1982). Finally, interaction with the state and the quality of institutions also account for variations in how Pukhtunwali is practised (Ahmed, 1980, pp. 7-8).

Key elements of Pukhtunwali include: honour (*nang*), gender inequity, which is closely related to the question of honour, retribution (*badal*), rivalry with cousins (*tarburwali*), status envy (*siali*), women's chastity (*tor*), submission or asylum (*nanavati*), hospitality (*melmastia*), and doing good (*khair-khegara*). In everyday life, this code is given priority over religious rules, for example in questions of female inheritance or

women's chastity, without rendering religion insignificant in the Pukhtun culture. In fact, Pukhtun culture has three competing sources of authority: Islam, expressed through mullahs and mosques; *jirgas* (tribal councils) that represents the will of the community, and whose membership is determined by the possession of land; and *maliks* (tribal elders) whose position in the social structure is determined by the possession of various forms of capitals such as wealth, access to state institutions and education (Ginsburg, 2011).

Some elements of Pukhtunwali are critical to understanding marketplace-local government interaction. For instance, the role of the *jirga* as a dispute resolution mechanism is preferred over formal institutions in many cases. The *jirga*, in its modern sense, may comprise a few people of good repute who are entrusted by one party with the task of negotiating on its behalf. Land-related and business disputes are often resolved through this mechanism outside the formal courts (Suleri et al., 2017, p. 11). It can also function as participatory space, or as an instrument of interest articulation for a group or a community. The traders' union of Batkhela bazaar has its roots in this institution (Jan, 2010).

Badal or retribution, as a key element of Pukhtunwali, governs economic and non-economic exchanges between and among individuals (Lindholm, 1982, Chapter 4). The literature often incorrectly interprets *badal* narrowly as revenge. In fact, it covers all sorts of social exchanges ranging from responding to someone's request for a favour to the rituals of gift exchanges to punishing a violator of trust (ibid., pp. 115-116).

The combined outcomes of the Pukhtunwali principles of honour and women's chastity result in women's seclusion, restricting the role of women primarily to the private sphere of the household. This not only limits their mobility in the public space in general, but also curtails their agency in terms of making choices for adopting an occupation, especially trading in the bazaar (Gohar and Abrar, 2016). As a result, women are excluded from the marketplace and the occupation of trader is exclusively male. Furthermore, existing gender roles in the patriarchal Pukhtun culture not only forbid women's access to the marketplaces as traders, but also define the spaces within the markets which women can and cannot visit. Local accounts from Malakand suggest that in rural areas of the district, the exclusion of women from the public space of marketplaces is so rigorously enforced that they are rendered entirely dependent on male family members for purchasing the items they need, including clothes, undergarments and cosmetics. Some Pukhtun societies do appear to countenance women becoming traders: for example, evidence from Pukhtun communities in Afghanistan suggests that women from elite families in urban areas are involved in trading activities outside the home. However, even in this case, the

businesses are extremely limited in size owing to their dependence on the network of an individual. Generally, women are restricted to trading activities that operate within the household, such as producing specialised crafts or carrying out small-scale manufacturing (Ritchie, 2013, pp. 1-2; Khan, 2016).

Pukhtunwali also has rules for cooperation, solidarity and collective action. Informal voluntary associations at village or ward level are a common feature of Pukhtun society. These associations often gather to help at times of death, marriage or emergency situations (Suleri et al., 2017, pp. 14-15). Cooperation within these community-level collective groups is underpinned by communal reciprocity. Members of a neighbourhood participate in these events in the belief that others will be forthcoming in similar situations (Beall and Schütte, 2006, pp. 51-52), whereas in associations of other types such as political parties, collective action is on the basis of the convergence of interests. To achieve political ends, ties are formed even with family rivals, but these alliances are rather short-lived (Lindholm, 1979, pp. 491-494). These relationships are often asymmetric, but they are based on mutual dependence and voluntary cooperation (ibid., pp. 20-21). This means that social structures are internalised in an agent's habitus, determining his/her ability to make choices for materialising his/her objectives.

Flexibility of habitus explains why individual differences, underpinned by differences of class and status, are discounted and how class and status boundaries are temporarily displaced to achieve collective interest (Arbab, 2017, p. 227). A striking feature of collective action by political parties (ibid., p. 221) and traders' associations in Pakistan is their mobilisation capacity, especially on the question of religion or perceived state oppression (ibid.).[34] In Pukhtun society, even rival factions renounce their differences and support the collective cause against an external threat (ibid., p. 221). This complexity of the local social order explains why generally weak traders' associations display successful collective action and why interest-based associations of the Olsonian type differ from the voluntary associations of the Putnamian type in their capacity to generate community support and displays of collective action (Olson, 1965, p. 6; Putnam, 1995, p. 67).

Owing to its complexity and influence over local life, Pukhtunwali has always been central to government reforms, in that the cultural institutions of Pukhtunwali have been

[34] This type of solidarity is possible only in crises which reaffirm the claim of bazaar to exist as a group or a class. See Bourdieu (1998, p. 11).

fused into local governance policies.[35] Historically, attempts to change it from above without proper understanding, whether by the British colonial state, the Pakistani state or donor agencies, have led to policy failures (Ahmed, 2013; Geiser, 2013). Development scholars argue that changes in the role of Pukhtunwali as an element of local development is possible through complex interactions among actors both from above and below (local power holders and institutional entrepreneurs) (Ritchie, 2016). In Malakand District, this change can be observed, but as a product of a more complex dialectical relationship between institutional changes from above and socioeconomic change from below. Therefore, the next section of this chapter sets out the context of the political economy of the Malakand region, in order to outline the contiguous evolution of the state and the local economy.

5.3 The evolving governance structure of Malakand region: A political economy analysis

5.3.1 Changes in the local economy and governance

The Malakand region comprises seven districts including Malakand District (see Map 1). The local governance structure in the region is characterised by changes in the local government structure and the introduction of formal structures for political participation and service delivery (Jan, 2010; Khaliq, 2012), and by significant economic restructuring from below (Lindholm, 2013). This contiguous evolution of state and socioeconomic structures provides the context for understanding the evolving nature and role of SC in local governance.

[35] The historic attempts of the British government to codify Pukhtun customary law in various parts of NWFP and FATA (World Bank, 2004, p. 8), the use of the *maliki* system to facilitate local governance by military governments in the 1960s and 1980s respectively (ibid., p. 5), the use of *jirga* and local community groups for combatting terrorism in the 2000s (ibid., pp. 17-18) are some of the notable instances in this regard.

Map 1: Pakistan's provincially administered tribal areas

Source: OCHA

Making sense of the local political economy and the increasing role of marketplaces in the governance structure of the Malakand region requires an understanding of both the continuity and change in the interstices between formal and informal governance. One important area of continuity is the centrality of informal governance and the local economy in the operation of formal institutions (Suleri et al., 2017); while change is represented by the evolving forms of LG and the increased role of marketplaces in the local governance structure (Ahmed, 1980, pp. 7, 203; Khan, 2017a). There is no one-to-one correspondence between these twin structural evolutions; they are therefore viewed in the field-capital-habitus dialectic outlined in Chapter 3. Table 5.2 gives an overview of the evolved local political economy of the Malakand region, which also provides an important context for the overview of the historical evolution of local governance structures later in this section.

Table 5.2. Evolution of the political economy of the Malakand region

Period/ Political economy features	**Pre-1970**	**1970-present**
Rule/decision-making authority	Land-owning Pukhtuns	*Jirgas**, courts and elected representatives
Decision-making body	*Jirgas*	Public representation, state institutions and *jirgas*
Local government	Centralised	Decentralised
Local economy	Agrarian (non-monetary exchanges)	Market (monetary exchanges)
Social structure	Minority of land-holders (dominant class); majority of landless/occupational classes (dominated classes)	No dominant land-holding class
Relationship between landed and landless class	Chiefs and followers (patron-client; landlord-tenant)	Mutual dependence (dyadic/cross-cutting relations)
Major source of power	Land-holding and large followership (vertical networks)	Land-holding, economic capital and cross-cutting ties
Access to state institutions	Members of landed class only	Anyone with economic, political, cultural or social capital
Political participation	Through *jirgas* (exclusive to landed class)	Universal adult franchise for local, provincial and national elections
Internal homogeneity among classes	None (only in crises, war or external aggression)	None (except for the protection of collective interests)

Source: Author's own elaboration[36] **Jirgas* are councils comprising land-owning Pukhtuns

[36] Jan (2010) refers to these two periods as the *jirgay pa wakh* (at the time of *jirga*) and the *jirgay na pas* (after *jirga*).

The current political history of Malakand originates with the migration of Yusufzai Pukhtuns to the region from Afghanistan in the 17th century. With their arrival, they defeated the rulers of the region (Jan, 2010, p. 58) and devised a new system of land-distribution called *wesh/esh,*[37] which divided the land into *dawtar* (rotating ownership) and *seray* (fixed ownership) allotments. The former rotated among Yusufzai Pukhtuns like shares among the members of a firm, while the latter was fixed land (Sultan-i-Rome, 2008, p. 234; Barth, 1959b).[38] Pukhtuns remained as a ruling elite from their conquest of the region in 1515 until recent times. Their dominance was cemented with the advent of British control of the region. The British government was unnerved over the unrest developing in the state of Chitral (see Map 1), and a military campaign was launched in 1895 to gain control of it. The British military used Malakand as their route to Chitral, and thus established a hold in Malakand first. The Malakand agency was formed, constituting the current districts of Malakand, Swat, Dir and Chitral (see Map 1). The administrative system of the agency was different from that in the settled districts of the frontier region, a system that still has its imprint on certain aspects of the formal governance structure (Pakistan country report, 2015).

The governance system introduced by the British government had four key pillars. Firstly, it included the office of political agent (PA), a representative of the colonial government who was responsible for the maintenance of peace through a number of inducements and punitive measures for the initiation and continuity of treaties with the tribal chiefs, and for the protection of British government interests in the region. The PA also had at his disposal a kind of police force called *levies* or *khasadars*. Secondly, the institution of *maliki* was designed to ensure good conduct from the tribes. *Maliks* (tribal chiefs) were paid in various ways by the British government to facilitate government in the region,[39] and served as members of the *jirgas* (tribal councils) created under the Frontier Crimes Regulations (FCR) (see following point). Thirdly, the FCR laws were introduced with the aim of punishing crimes instead of administering justice: they introduced a set of severe measures, including collective punishments and the removal of the right to habeas corpus, to facilitate the PA's control over his jurisdiction, in addition to creating the *jirgas* for the adjudication of civil and criminal cases (Jan, 2010, p. 57). Fourthly, *rivaj*, literally

[37] Depending on the dialect, the word can be pronounced *wesh, esh, wish* or *ish*

[38] This situation continued until the 1920s when the ruler of Swat State declared the existing allotments to be final (Asad, 1972).

[39] Ahmed (1980) identifies five types of leadership in Pukhtun society: traditional *maliks* (recognised by the lineage system); *mashars*; government-appointed *maliks* (who may be from the first category); *kashars*, and, at times of supra-tribal crises, religious leaders.

meaning customs, was an important element of this system. These customs and conventions were based on centuries-old usage by the Pukhtun society, and the *jirgas* had legitimacy to interpret these usages (Jan, 2010, p. 60). Due to these features, governance dispensations in the tribal areas were different from those in the settled areas of the province. Such a system of loose control was due to the weakness of the central state in controlling the region without the help of traditional governance actors and institutions (World Bank, 2005, pp. 5, 9, 17-18).

This governance system legitimised and formalised the hierarchical social structure that was divided between land-owning Pukhtuns and all other occupational classes (Lindholm, 1979).[40] In the Malakand region, land was "the main source of economic and political power" (Sultan-i-Rome, 2005, p. 30). Social hierarchy, underpinned by differences in land distribution, was a major determinant of people's access to state institutions.[41] The political sphere was dominated by the land-owning Pukhtuns, while the landless class had access to state institutions only through *jirgas*, where they had no representation. This institutionalised exclusion of the landless class from access to state institutions (Akhter, 2017) favoured the minority land-owning class, which constituted between a fifth and a tenth of the total population in various territories of the Malakand region (Asad, 1972).

State capture by the landed elite even prevented indigenous rulers from creating inclusive governance spaces. For instance, Sultan-i-Rome (2005, p. 30) notes that the education policies of the ruler of Swat State resulted in a generation of educated people within the unprivileged class, who demanded more civil and political rights.[42] The ruler, however, could not grant these rights, fearing retaliation from the landed Pukhtuns whose

[40] For an example of the role of state in excluding non-landowners from the right to land in the broader Malakand region, see Sultan-i-Rome, N.D., Land Ownership in Swat: Historical and Contemporary Perspective. Available at: http://www.valleyswat.net/literature/papers/Land%20Ownership%20in%20Swat.pdf

[41] The hierarchical social structure of traditional Pukhtun society was broadly divided into different categories: Pukhtuns, land-owning Yusufzais, religious leaders who were entitled to fixed land but inactive in politics and should be differentiated from religious teachers (mullahs) who were the dependents of Pukhtun landlords, and all landless classes e.g. farm labourers [*fakirs*] village specialists [barbers, leatherworkers, tailors, etc.] and hill-dwelling Gujjars. Each class had its own internal hierarchies (see Lindholm, 1979, pp. 489-492; for an approximate hierarchy within the landless class see Lindholm, 1982, p. 97).

[42] The current Malakand District was part of Swat State until 1924, whereas Swat was a princely state ruled by the *wali* of Swat until 1969. The princely states (Swat and Dir) were abolished and the Malakand region (PATA) was merged into the state of Pakistan (for a comprehensive history see Sultan-i-Rome, 2008, Swat State (1915-1969) From genesis to merger: An analysis of political, administrative, socio-political and economic development. Karachi: Oxford University Press.)

support was critical to the maintenance of his authority. Similarly, during British rule, and later under the Pakistani state, the state was dependent on these powerful tribal leaders in Malakand to facilitate its control and retain its authority in the region (Jan, 2010, pp. 88-89). Explaining the magnitude of this institutionalised exclusion, one interview respondent stated:

> "It was their *khans'* rule, because they were the members of the *jirga*. They could declare an innocent person as thief, and a thief as an innocent person. Not all of us were poor, we could have purchased land, but the system did not allow us to do so" (Sardar interview, 12 July 2016)

This edifice of state-society relations and the class structure within society rested on title to land. Losing one's title to land implied losing one's place on the council and hence direct access to state institutions. It should be noted, however, that a non-Pukhtun who acquired land did not earn membership of the council. Thus, caste and land ownership qualified a person to have direct access to state institutions. In this formal governance arrangement, the occupational (landless) classes, including the traders of Batkhela bazaar, were denied the right to purchase land and to directly access state institutions (Jan, 2017, pp. 309-310).

The agrarian economic structure, with its related class dynamics, has existed for centuries, but its expression as a political society was institutionalised by British imperial rule. However, this class structure, in Asad's (1972) words, should not be viewed as a frozen instant in time, but as unfolding process in which the life chances of an individual are determined by the practical and ideological relationships of a group to the means of production. This evolutionary logic of capital also has implications for social relationships. Contrary to earlier anthropological observations (Barth, 1959a, p. 112), the patterns of land ownership, instead of concentrating land in the hands of a few Pukhtun landowners, have acquired a trajectory of diffusion whereby land is fragmented and owned by a greater number of individual households. Economic restructuring and the evolution of marketplaces in the heart of the agrarian economy offered the foundation for this change. As Lindholm (1982, pp. 123-125) notes, the growing bazaar in Durushkhela (Swat District) has resulted in a transformation from bartering to monetised exchanges. These transforming exchange relationships in a socially embedded economy have set the tone for a more complex set of interdependencies between the landed and landless class (ibid., pp. 123-125).

Certain policy measures at the macro-level have also impacted on the local political economy, with significant effects on the poorest groups. Firstly, since the oil boom of the 1970s in the Middle East, the Pakistani government has sent hundreds of thousands of workers to Saudi Arabia and other Middle Eastern countries (Amjad and Arif, 2013). Remittances from this overseas labour have been used to build houses or have been invested in a wide variety of local businesses. This inflow of resources has also contributed to reducing the dependence of the landless on the landed class. Capital from foreign remittances allows the upward mobility of the poor which, in turn, has implications for the local political structure (Ahmed, 1981).

The evolution of the political structure is not simply an outcome of economic transformation from below: changes in formal institutions in the Malakand region have also shaped this evolution. The withdrawal of official support for *jirgas*, the introduction of electoral politics and the integration of the region into the state's political structure have increased the political agency of the excluded classes in the region's power-politics (Lindholm, 1979, 1982; Jan, 2010, pp. 96-99). In addition, the introduction of electoral politics in the early 1970s, at the time when the first uprising against the landed class was taking place in the region, allowed "some hope for change" for the discontented masses (Lindholm, 2013, p. 23). This institutional change has at least unfrozen legal barriers to the right of the occupational classes to participate in representative structures. Electoral politics is still dominated by members of the landed class; however, the structure of political participation at the grassroots level reflects a clear break from the past. Table 5.3 compares the pre-1970 period with the situation the year after the 2015 elected local government system was introduced, in terms of the representation of the landed and landless classes, to demonstrate the impact of formal institutions on political participation.

Table 5.3: Background of political representatives in Malakand District, pre-1970s and in 2016

Period/ Type of representation	**Pre-1970s**	**2016**
Representative institution	*Jirgas**	Elected local government**
Proportion of members drawn from landed class	100%	66%
Proportion of members drawn from landless class	0%	34%

Source: A short telephonic survey by the author. **Jirgas* are councils of elders. ***This column shows data on the elected mayors and deputy mayors (n=48) at village/Union Council level from 24 out of 28 councils in Malakand District

The long-term implications of these contiguous changes for the local political economy are conspicuous in Malakand District. Jan (2010, p. 117) notes this shift in an event during which the *khans* of Batkhela protested on an unprecedented scale in a land

dispute with the government. This reflects a clear change since the 1970s, when the landed class had a monopoly on access to state institutions through the institution of *jirgas*. A prominent wholesaler in Batkhela, who started as a street vendor in 1984, stated: "I don't need these political leaders to talk to the administration. If you want, I can invite the AC for a dinner at my house and you will also be present there" (Sohaib interview, 8 May 2016). Within this context, the shift from *jirgas* to elected LG has caused a change in the interaction between the formal and informal institutions of governance. The state's deliberate policy of creating patronage structures has been replaced by pragmatic interaction between the local administration and political elite (Giustozi, 2013, p. 248). In the current decentralised governance structure of Malakand District, proximity between elected representatives and their voters creates incentives for the local administration to patronise these representatives for controlling local population (Khan, 2017a). This suggests that increasing governmentalisation at local level causes changes in state-society interrelationships (Chatterjee, 2008).

Two contiguous "bottom-up" processes, the interaction of social institutions with government institutions, and the integration of the local economy into the wider economic structures, serve as drivers of change in local governance practices. Ahmed's (1980) distinction between encapsulated and unencapsulated societies is a useful heuristic device to understand the changes in state-society interaction due to the increased governmentalisation in the Malakand region. While comparing the Yusufzais living in Swat and the Mohmands living in Mohmand agency, Ahmed categorises Pukhtun social organisation into *nang* (honour) and *qalang* (tax) societies. *Nang* society is a tribal, egalitarian society, governed strictly by tribal codes and uncaptured by state institutions, whereas *qalang* society is stratified, and encapsulated by centralised state apparatus and broader economic forces (ibid., p. 3).[43] [44] The transitional factors, as Ahmed (ibid., p. 120) argues, are both economic and political. He emphasises that mere economic factors such as large arable lands and artificial irrigation systems were not the only factors that caused the transformation of the Swati society into a *qalang* society: British control and the introduction of the *maliki* system also helped prepare the transition from one form to

[43] In his later study on economic change as an outcome of foreign remittances, Ahmed (1981) notes that *nang* has become irrelevant and this society was moving towards connectedness within the broader system.

[44] Ahmed (1980, p. 119) admits that this ideal-typical distinction is an oversimplification of the complex Pukhtun social organisation. However, it was useful to place Mohmands and Yusufzais in antithetical models to demonstrate his argument that, just as Swat offers a typical model of the *qalang* category, Mohmand offers a typical model of the *nang* category.

another. Change comes about as a consequence "of a dynamic and direct relationship between ecological and larger political factors" (ibid., p. 121).[45] Since the 1970s, the evolution of the local economy from an agrarian to a monetised market, and the institutional restructuring from *jirgas* to more inclusive invited spaces, have served as an impetus for change in the political economy of the Malakand region.

Within this context, as Marsden and Hopkins (2013) note, much of the recent literature on contemporary local governance in the Malakand region is limited by its focus on terrorism and militancy. This is mainly due to misinterpretations of the local culture by donor-driven utilitarian academic excursions (ibid., pp. 2-3). A recent panel survey of governance perceptions by Secure Livelihood Research Consortium (SLRC) in four local councils of Swat and Dir Districts is instructive (Shahbaz, Suleri, Khan and Ali, 2017). However, a more grounded perspective on contemporary local governance provided in the present research, focused on the everyday lived experiences of citizens and their engagement with local government, along with the implications of these interactions for state-society relations, will provide new insights about the functioning of LG in the governance structure of the Malakand region.

5.3.2 Conflict, governance and marketplaces in the Malakand region

In 2008-9, the Malakand region was brought to attention of the world's media and to scholars when Swat and its surrounding districts (including Malakand) were transformed into the "South Asian theatre of the global war on terror because of the Taliban's uprising and the subsequent military intervention by the Pakistani Army" (Marsden and Hopkins, 2012, pp. 1-2). Anthropological studies that refocused attention on the region in the light of these new developments "lacked theoretical and empirical rigour required to bring the story of Swat up to date" (ibid., p. 2). Marketplaces have received by far the least attention in this respect. An important point here for the local economy relates particularly to the role of marketplaces in the post-conflict governance of the region, in that they were affected differently by the conflict, and thus their role in the local governance needs to be conceptualised as such (WFP, 2010, pp. 20-22). Suleri et al.'s study on fruit and vegetable markets in the post-conflict Swat district, and Jan and Aman's (2016) study on Batkhela bazaar for instance, published more than half a decade after the conflict, reinforce this point. Undoubtedly, the operation of all markets across the Malakand region was disrupted

[45] Ahmed's distinction between *nang* and *qalang* societies is structural, not cultural. He wished to explain how structural differences in localised structures underpinned cultural interpretations, and how varying structures could be explained by employing same cultural symbols and institutions (Ahmed, 1980, p. 124)

during the conflict, but those in the Malakand District were less affected than those in the Swat and Dir Districts. This line of reasoning may well affect scholarship on the region if we critically engage with the theoretical understanding and empirical realities of the region. The present study refrains from conceptualising the region in the language of conflict and post-conflict, because it is concerned with the issues of broader significance to the people in their everyday lives and broader social and governance affairs (Marsden and Hopkins, 2012, p. 4).

Several factors account for the varying effects of the impact of the conflict on marketplaces. Some conflict areas faced massive internal displacement and infrastructural damage to roads, shops and storage facilities in the markets, while others were affected in the short run, where access to markets was inhibited for both customers and traders due to protracted curfews. Malakand District falls under the latter category, since most of the traders and local population was not displaced, Batkhela (and other bazaars in Malakand District) did not suffer infrastructural damage, and some large entrepreneurs even adopted innovative ways to cope with the situation (Jan and Aman, 2016). Doubtless, the conflict affected the economy of Batkhela bazaar which resiliently recovered after the crisis. The existing literature fails to appreciate the varying impacts of the conflict on the region's different marketplaces and their differentiated trajectories of recovery.

More importantly, international and government interventions failed to capture the role of markets in the broader political economy, i.e. relationships among actors across the commodity supply chain, and between market and governance actors, and the governance structure of market and market access (Suleri et al, 2016, p. 8). The conflict affected the role of Batkhela bazaar in local governance in many ways; however, marketplaces as a permanent characteristic of the local political economy of the region require attention first. Therefore, this study focuses on the centrality of marketplaces to the local political economy and the implications of its SC generation for local governance. To this end, it focuses on the role of Batkhela bazaar in the governance dimensions that capture the role of marketplaces in the local political economy beyond conflict and crises. This is to ensure the generalisability of the research findings on the role of marketplaces in the local governance to those areas of Pakistan that were unaffected by the conflict (Javed, 2017; Amirali, 2017; Hasan, Polak and Polak, 2008).

5.3.3 Malakand District: Socioeconomic and political profile

Malakand District, previously known as the Malakand protected area or the Malakand agency, forms part of the Provincially Administered Tribal Areas (PATA) of Pakistan. The

PATA comprises seven districts that are accorded special status under Articles 246 and 247 of the 1973 Constitution.[46] This special status includes tax exemptions for trade, agriculture and industry, and a provision that the provincial parliament cannot legislate for the area unless the provincial governor and national president give their approval (Pakistan country report, 2015, pp. 2-3; Carter, 2017, p. 5). Malakand District, situated in the Khyber Pukhtunkhwa province, has a similar LG structure to the rest of the province in terms of citizens' participation, the number of tiers of government, and the formal relationships between the representative and administrative spheres (Khaliq, 2012). However, the structure has some peculiarities: for example, the district has its own police force (*levy)*, and, as part of the PATA, the tax exemptions noted above distinguish it from settled areas of Pakistan (Jan, 2010, pp. 62-63).

Malakand District, which covers an area of 952 sq. km., is bounded by Lower Dir District to the north, Swat District to the east, Mardan District to the south-east, and Charsadda District and Mohmand Agency to the south-west.[47] It has a population of 720,295,[48] of whom 98.2% speak Pashto and 99.6% practise Sunni Islam (Jan, 2010, p. 54). Data from the 2017 national housing and population census shows that the district remains predominantly rural, with only 11.5% of the population living in urban areas (see Appendix 1). This ranks it 11th out of 24 districts in the province in terms of the size of its urban population (UNDP, 2011). In official terms, Batkhela is the only urban centre in Malakand District (Jan, 2010, p. 93), which indicates its transformative potential for local economic development. The increase in the district's urban population – which stood at 0% in 1981 – has coincided with the growth of Batkhela bazaar, which has 5,500 shops at present but had only 150-200 in the early 1950s.

Batkhela bazaar is one of the biggest and most active elements of the district's economy. The major sources of household income in the district are remittances, agricultural production or employment in the services sector (including the bazaar).[49] The

[46] PATA consists of seven districts, including Chitral and Swat (the largest districts), Dir (Upper and Lower), Malakand, parts of Kohistan, Shangla, and the tribal area adjoining Mansehra District (see Carter, 2017, p. 5)

[47] See especially Page 3: District Profile Malakand: A comprehensive district profile. A collaborative report of BOS-P&DD and Unicef-Peshawar. Available at: kpbos.gov.pk/files/1432635762.pdf [Accessed 5 July 2018]

[48] The total population of Batkhela according to the 1998 census was 43,179, with an overall literacy rate of 39.3% (male literacy 55.2%, female literacy 22.7%) (Government of Pakistan, 2000); see also PBS, Malakand District at a glance, 2014. Available at: www.pbs.org. A full report of the 2017 census with the current literacy rate is yet to be published.

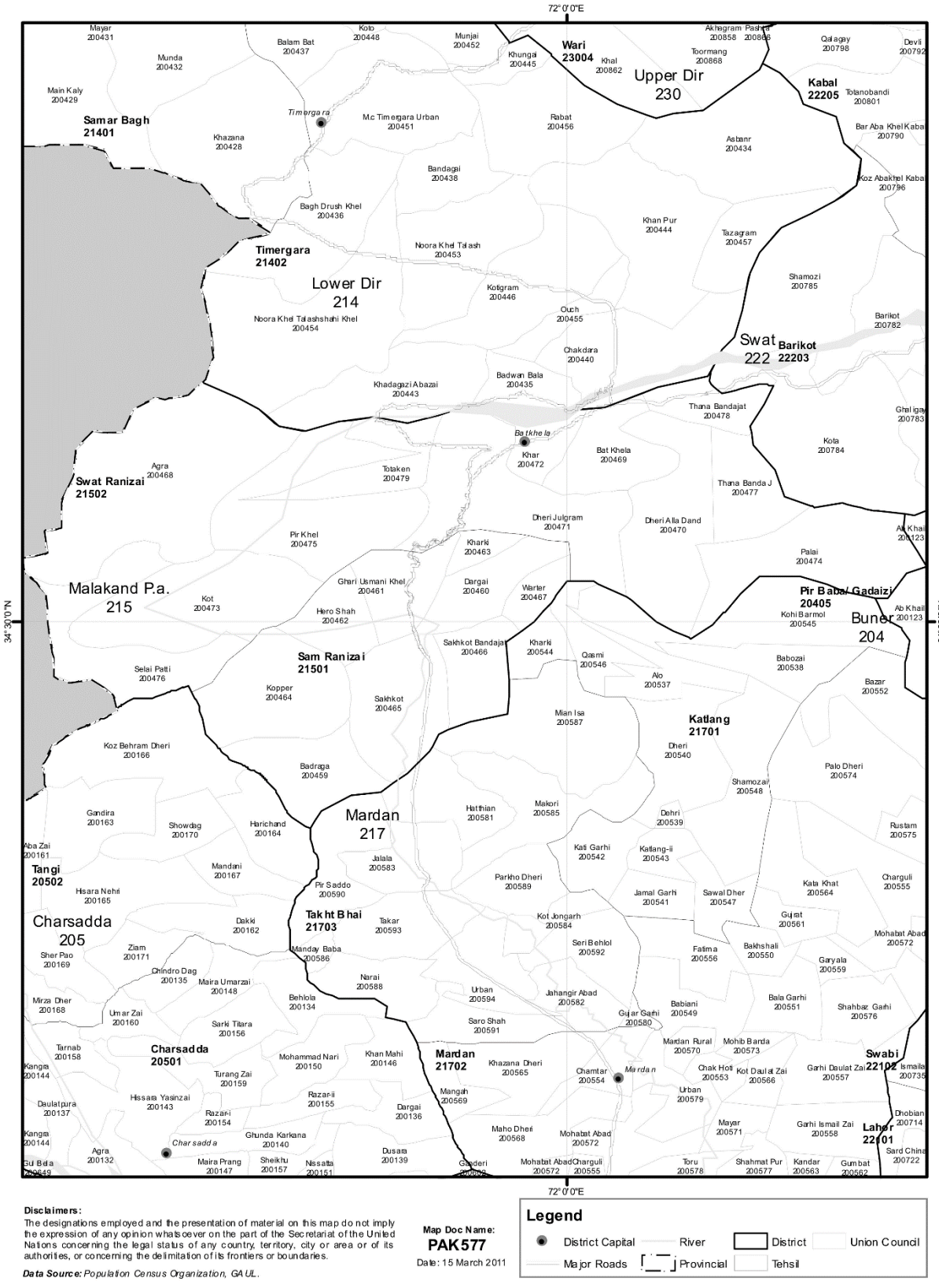
[49] The services sector is defined informal employment such as retail, wholesale, and other forms of informal labour.

demographic trends of Malakand District do not vary widely from other districts in the province, especially in terms of the deployment of the labour force in different sectors, the structure of the provincial economy, and poverty indicators (UNDP 2011). The role of industry in the district's overall economy is negligible, with some small factories producing flour, cooking oil and polished marble. The two biggest sectors of informal employment are agriculture and trade, with the latter enjoying the larger share in providing employment. Although official statistics show agriculture as the largest sector of the economy (Malakand District profile, 2014), according to Jan (2010, p. 63), the informal sector, covering retail and wholesale trade and the services sector, employs nearly 62.5% of the labour force in the district. Even the agricultural sector is dependent on the local market, as it is the entry point for local agricultural produce (Suleri et al., 2016).

Malakand District is administratively divided into two subdivisions (*tehsils*) called Swat Ranizai (with Batkhela as its headquarters), and Sama Ranizai (with its headquarters in Dargai) (see Maps 2 and 3 respectively). Below *tehsil* level, the district is divided into 28 union councils (UCs) and 46 *mauzas* (revenue estates), with one municipal committee in the *tehsil* of Batkhela (PBS, 2014).[50] A provincial LG act in 2013 divided the district into 82 village and neighbourhood councils. The district administration is headed by a district commissioner (DC), with assistant commissioners (ACs) at the subdivisional level and additional assistant commissioners (AACs) working beneath them. These officials represent the provincial government in the district, and enjoy administrative and magistracy powers. The major functions of the district administration include ensuring the implementation of municipal laws, collecting revenues, supervising local government development schemes, controlling LG budgets and maintaining order. The hierarchy of elected district government officials includes the district *nazim* and *nayab nazim*, who are the elected head and deputy head of the district council. Below the district council is the *tehsil* council, also headed by *nazim* and *nayab nazim*. The lowest tier comprises village and neighbourhood councils in rural and urban areas respectively (International Foundation for Electoral Systems, 2014, pp. 3-4; Khaliq, 2012).

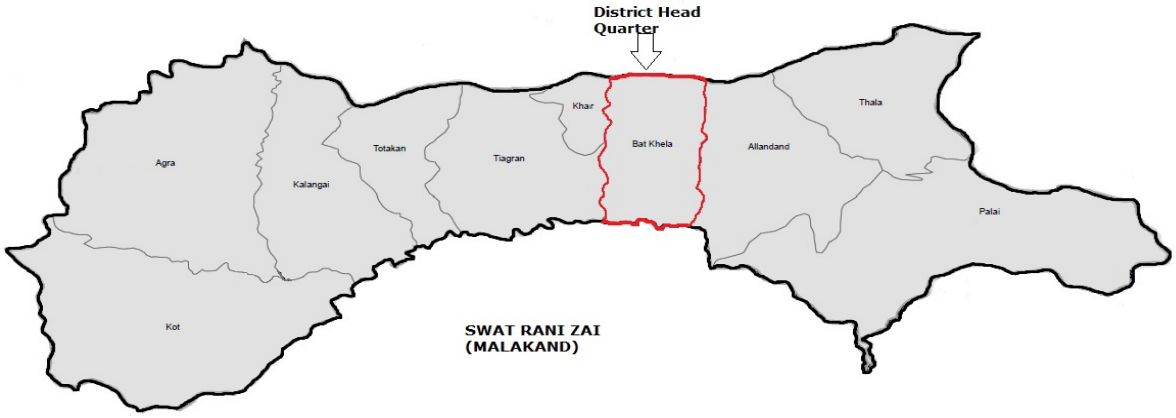
[50] There has been a recent increase in the number of *tehsils* (subdivisions) in the PATA, but the number of *tehsils* in Malakand District remained unchanged (for district changes see Khaliq, 2012, Table 7).

Map 2: Malakand District administrative divisions



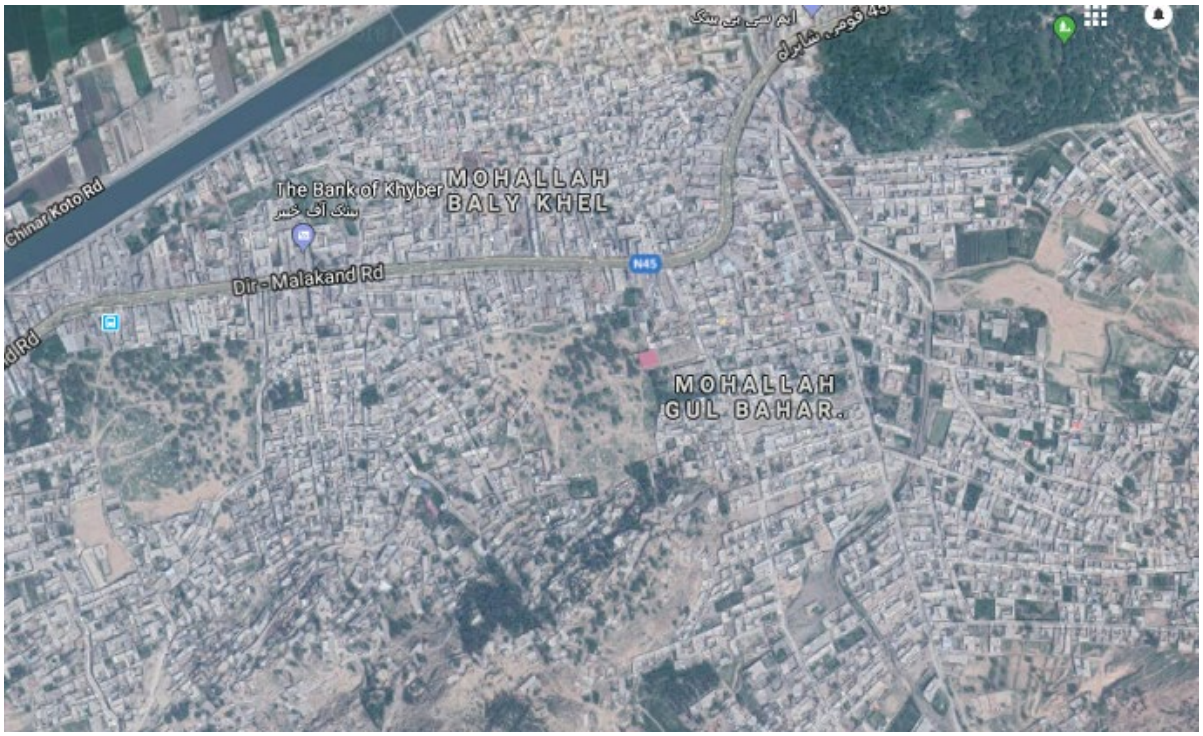
Source: OCHA

Map 3: Swat Rani Zai



Source: OCHA Pakistan
https://reliefweb.int/sites/reliefweb.int/files/resources/4C7D86EE4FC90B76C12575EC00250141-map.pdf

Map 4: Batkhela bazaar



Source: Google Maps

Batkhela bazaar is situated on the historic Peshawar-Chitral-Mardan road that connects the districts of Swat and Dir to the provincial and national capitals. The bazaar stretches from Amandara in the east to the hills of Malakand in the west, covering more than three kilometres on each side of the curved road (see Map 4). The bazaar traverses all three of the town's UCs (Upper, Middle and Lower Batkhela) and spreads into the UCs of Alladand and Piran. Batkhela hosts all the areas' major state facilities including the district hospital, district courts, district secretariat, district welfare office, district post office, national database and registration authority office, passport office and office of Pakistan Telecommunication and Exchange Ltd (PTCL) among others. It also hosts outlets of private courier and telecommunications companies.

The significance of Batkhela bazaar to the local economy is considerable. It is the largest of the four major bazaars in the district (see Table 6.2); every village also has its own small bazaar (mainly comprised of retail shops). Local accounts confirm that 75-80% of the businesses in the villages of Swat Ranizai rely on Batkhela bazaar. It is the major generator of employment in the district, with 5,500 shops, 1,500 rickshaws (operating exclusively in Batkhela bazaar), 80 cart-pushers and 180 street vendors (Bazaar Union records, 2010). Findings from the exploratory survey of the present research show that 57% of the business owners in the bazaar employ skilled and unskilled workers, who are paid monthly, weekly and in some instances daily. Eleven banks have their district branches in the Batkhela bazaar, and the exploratory survey shows that 58% of the business owners have bank accounts.

The growth of Batkhela bazaar as a driver of economic change has implications for the social structure of the local economy, especially for land-holding patterns. As observed in Section 5.2.2, the structure of the local economy has implications for SC generation and its role in the operation of LG. The empirical evidence from Batkhela bazaar suggests that before the 1970s, with one exception, all the traders hailed from the landless class and none owned residential or commercial land (see Table 9.1). In contrast, 45% of the traders currently have their own shops, 76% own residential land, and 27% own either cultivable land or an orchard. This diffusion of land and economic resources limits the ability of a single actor or group of actors to dominate the local governance structure (Faguet, 2015): cooperation and interdependence are therefore a permanent feature of the local governance structure. In addition, before the 1970s, none of the leaders of local councils was directly involved in trading, whereas the data on UCs after the 2015 LG elections suggests that

52% of the district's elected mayors and vice-mayors are involved in trading activities, although not necessarily in Batkhela bazaar.[51]

5.3.4 Batkhela bazaar as an element of local governance

In addition to its roles in local economic development, urbanisation and socioeconomic change, Batkhela bazaar is evolving as a new governance space at the interstices between formal and informal governance.[52] This role as an element of local governance is due to the SC that the bazaar generates. The literature on bazaars in Pakistan, and particularly on those in the Malakand region, has focused on traders' associations and individual networks of bazaar traders; however, systematic analysis of this SC in local governance is either missing (Akhter, 2017), superficial (Jan, 2014) or too general (Javed, 2017).

The existing analysis of traders' associations in Pakistani marketplaces does not extend beyond a few conventional characteristics that define the role of marketplace associations in general terms. For instance, Jan (2014) found that Batkhela bazaar had generated a new leadership for the region's excluded traders' community in the form of the Bazaar Union (BU). The rise of the BU was an expression of collective action against the political exclusion of traders who were denied the rights to representation on the council, to own property, and even to domicile. In the published version of the same study (2017), Jan omits any discussion of the traders' associations. Overall, Jan regards the BU as a separate leadership category developed to represent the traders' community, regarding it as weak as an association and embedded in local politics (Jan, 2010, 2014, 2017); whereas Akhter (2017) views traders (along with the legal fraternity) as the "only genuinely effective associational group in Pakistan" (p. 86). Hasan et al. (2008), in their study of hawkers in the Sadar bazaar in Karachi, note that associations of traders act as "designated-yet-informal mediators with official agencies". These associations also perform the unusual task of collecting as well as delivering extortion money, one of the fundamental problems faced by traders in the governance environment of Pakistan's largest city (ibid., p. 42).

[51] A short telephone demographic survey comprised of seven questions was conducted with the mayors and vice-mayors of 24 Union Councils in Malakand District. The author especially thanks Ubaid Baqsh, the secretary of Middle Batkhela UC and a business owner in the bazaar, for generating the contact numbers.

[52] Unlike its use in local governance literature on the developed world (Taylor, 2007; Howard and Lever, 2011), "new governance space" refers to a field of power, as a claimed or created space, that evolves in relation to invited spaces such as elected governments.

Overall, this literature suggests that traders' associations have a role as an integral element of governance and as facilitators of interaction between formal governance structures and informal marketplaces. Every bazaar in Pakistan has some sort of association, ranging from formally registered associations to entirely informal ones. However, generally, these associations are weak or inactive (Javed, 2017). The literature on marketplaces and their associations in Pakistan is yet to develop a systematic explanation of the role of traders' associations as an element of local governance, their internal composition and the stakes of local political parties in their elections and representation structures. More crucially, this literature is entirely oblivious of the internal power dynamics of traders' associations, the role of trust and interpersonal networks in their internal governance, and their interactions with state institutions.

Batkhela bazaar also generates diverse interpersonal networks that help consolidate business in Batkhela and influence the government's service delivery functions. Drawing on the entrepreneurial literature and Granovetter's network perspective, Jan (2017, pp. 312-314) argues that family/kinship and friendship networks are helpful for Batkhela traders in the improvement of their businesses. These businesses are rooted in the local governance structure, and the role of networks in generating positive externalities for the businesses may have negative implications for service delivery which Jan has failed to observe. Moreover, Jan correctly highlights the role of Batkhela bazaar in generating network diversity, especially in terms of weak ties (Granovetter, 1985), but his take on network diffusion admittedly does not extend beyond friendship, customers and suppliers (Jan, 2017, p. 324). This treatment by Jan of networks and their operation in relation to marketplaces fails to link social networks to formal governance processes that regulate everyday trading in the market. Khan (2017a) has demonstrated that patronage networks (among others) have also developed, facilitating the everyday engagement between traders and the local administration of Malakand. As noted in Section 5.3.2, Javed (2017) points out that traders in urban marketplaces forge networks of collusion with political representatives or bureaucracy to negotiate bribes for paying less tax, maintaining encroachment privileges, or ensuring the favourable provision of municipal services such as sanitation schemes, parking spaces or the allocation of police patrols for security. Javed does not offer any empirical explanation of how these processes occur in everyday life of the bazaars. The process of how the SC generated by Batkhela bazaar, or any other bazaar

in Pakistan, influences traders' interactions with local authorities lacks systematic theoretical and empirical treatment.[53]

The influence of traders' networks also extends to the provision of social welfare by the government. Firstly, in terms of civic engagement, Jan (2014, 2017) highlights only traders' support for literary and sports associations in Batkhela. Jan (2014) and Jan and Aman (2016) find that the lack of interaction between traders and NGOs leads to an absence of traders' trust in these organisations. Doubtless the local community, including traders, does not trust most of the NGOs. However, for local social welfare associations (SWAs), the absence of the interaction proposition does not hold true. Therefore, the use of confounded terms such as NGOs, non-state providers and SWAs requires primary attention when exploring the bazaar's connections with NGOs and local civic associations. Secondly, if the religious embeddedness of marketplaces is considered, an interesting link between the bazaar and LG through SWAs is developed. However, the existing literature on marketplaces in Pakistan either does not explore this link at all (Jan, 2017; Ahmed, 1980; Asad Ullah, 2014; Hasan et al., 2008), or has methodological limitations and ends up with narrow empirical explanations (Amirali, 2017). Javed (2017) highlights the role of the traders' community in the provision of social services through the bazaar's relationship with the SWAs, but does not explore the implications of this interrelationship for local governance. Two limitations of this literature in particular need to be addressed: the role of trust and interpersonal networks in elucidating the bazaar-SWAs interrelationship, and the implications of this interrelationship for the practices of social welfare provision in the local governance structure.

As Chapter 8 explores in greater detail, these associations have members in the bazaar, and the informal networks of these members and other traders facilitate their service provision activities. The generation of SC by marketplaces for these SWAs has significant implications in the context of weak local government. Overall, marketplaces generate both interpersonal and associational SC. The findings of the exploratory survey offer a foundation for viewing Batkhela bazaar as a generator of both associational and individual SC: 89.6% of the survey respondents were members of the BU, while 45.8% were members of political parties, and 12.9% were members of a community development organisation. Besides these associations, traders in the bazaar exert influence over various governance processes through their informal interpersonal networks. Of the survey

[53] It should be noted here that none of these studies uses SC as a theoretical construct. Jan does not use the term in any of his studies on the region, and Javed uses it only once, and Akhter's (2017) study does not mention the term. The absence of SC from Akhter's considerations is understandable owing to his focus on patronage politics in Gramsci's notion of civil society.

respondents, 41.3% reported that their friends and family participated in local government elections, 68.2% said they had a government official as a family member, and 56.2% reported that they had a friendship with a government official. Only 4.5% of the traders directly participated in the local government elections, suggesting that traders in the bazaar influence local governance through both formal and informal networks. How these formal and informal networks are interrelated, and how their interrelation makes an impact on the local governance structure of Malakand District, will be explored in Chapters 6-8.

Table 5.4: Formal and informal networks in Batkhela bazaar

Responses/ Type of network involvement	**Yes**	**No**	**Valid responses**	**Sample size**
Membership of the BU	89.6%	10.4%	200	200
Membership of political parties	45.8%	54.2%	190	200
Membership of community development organisations	12.9%	85.1%	188	200
Contesting local government election	4.5%	95.5%	199	200
Family or friends participating in local government elections	41.3%	45.3%	173	200
Family members as appointed government officials	68.2	31.8	200	200
Friendship with appointed government officials	56.2	43.8	179	200

Source: Survey data

5.4 Conclusions and the way forward

This chapter has outlined the context for the changing nature of local governance within Pakistan in general and the Malakand region in particular, and the role of bazaars as an element within this. The key features of this local governance context include weak local government; weak civil society due to hierarchical social structures and ineffective collective action; and individuals' greater reliance on informal rather than formal institutions. Within this context, the literature indicates that marketplaces in Pakistan are a major force of socioeconomic change, political inclusion and mobilisation.

Marketplaces act to generate networks of exchange including economic, friendship and patronage ties. The SC generated by marketplaces shapes their role in the governance structure. However, the existing literature on marketplaces in Pakistan overlooks the role of trust and reciprocity, and is poorly developed when it comes to explaining the role these exchange mechanisms play in terms of the interrelationship between interpersonal networks and associations developed around the marketplace economy. For this reason, it implicitly treats the interpersonal and associational networks generated by marketplaces as binaries. Therefore, the literature on marketplaces in relation to their role as generators of SC and an element of local governance is underdeveloped in many respects – especially

the literature that views the traders' community as an intermediate class emerging within the complex interaction between state and society. Nevertheless, a key contribution of this literature is its recognition of the integrative potential of marketplaces as an element of political economy and governance structure.

The literature often views individual networks and the collective action generated by marketplaces in Pakistan in a structuralist framework, or as a class-conflict dialectic (Akhter, 2017; Jan, 2017). These structuralist approaches, often drawing on Marxian political economy or Gramscian grand narratives, are insufficient to capture the dialectical relationship between the everyday practices of the use of individual agency and the informal institutions that structure these practices. The insufficiency of these approaches, as Stokke and Selboe (2009) note, is a result of their scant attention to individual agency, due to the inherent tendency of these approaches to assign an overdetermining role to the structures. Therefore, a practice-based political economy model for the role of SC in local governance, developed in Chapters 2 and 3, is required: one that simultaneously situates social practices within the context of the political economy and power relations (Stokke and Selboe, 2009, p. 60). For Pukhtun society, where Batkhela bazaar is located, Marsden and Hopkins (2013, p. 8) emphasise the need for a more complex political economy model. This model focuses on both structure and agency in dialectical state-society relations.

Within this framework, individuals are not only passive recipients of structural influences, but also are active agents responding to any change. This explains why SC is context-dependent; why developing states like Pakistan need a radically different approach to SC from a Putnamian formulation; and why there is a likelihood of the development of associational SC in the local governance of Pakistan which is comparable to the Putnamian case of southern Italy.

Instead of marketplaces or traders' communities being viewed as a class, they need to be viewed as a "totality of relations (or a field) between competitive agents" (Bourdieu, 2005, p. 81). This field of power interacts with the structure of social space comprising firms, industry, classes, state apparatus and other fields (ibid., pp. 71-85). This interaction is characterised by the distribution of capitals, which is internalised in agents' dispositions as structuring structure. This schemata of feelings and perceptions allows agents to interpret the structuring effects of multiple fields such as market, state, religion, family and tribe ad infinitum. Here, one can see clearly why bazaars, through their traders' associations, exhibit the occasional solidarity to mobilise in crises while remaining weak more generally. The literature on marketplaces, politics and informal trade in Pakistan focuses largely on the mobilising capacity of marketplaces, while paying scant attention to

their internal politics as embedded within wider governance. Moreover, it overlooks fundamental SC-governance issues, such as why and when the same hierarchical interpersonal networks that impede the development of associational SC may facilitate their role in the provision of social services.

In the chapters that follow, the complex social logic of the local political economy is analysed in the context of the everyday governance of the marketplace and its role as an important element of the local governance structure in the context of Malakand District. The focus is on the evolving role of Batkhela bazaar in the processes of political participation, the implementation of regulations and the provision of social welfare. The following three chapters explore each of these three aspects of local governance in turn.

Chapter 6 - Evolving collective social capital: The case of Batkhela Bazaar Union

6.1 Introduction

As the first of three empirical chapters, Chapter 6 specifically analyses the role of Batkhela Bazaar Union (BU) as a form of collective SC and as an element in the local governance of Malakand District, and assesses how the interpersonal networks of traders play an important role in shaping the BU's role as an element of local governance. This chapter demonstrates that the structure and functions of Batkhela Bazaar Union have evolved within the changing structure of state institutions and the local economy. The evolution of the BU as an associational form of SC has implications for local governance structures: its roles as both an element of local politics and as a resource for individual traders are analytically investigated. In terms of local politics, the research explores the incentives which traders' associations create for the local administration and political leaders in representative politics; while in terms of the BU acting as a resource for individual traders, the study investigates its role in the internal power structure of the bazaar. Undoubtedly, the politics of Batkhela bazaar are embedded within broader local politics, but by making this distinction between its two local roles, this chapter shows why the BU performs successful collective action in moments of crisis, while displaying weakness as an associational form of SC. To this end, the chapter draws on interviews with traders, BU representatives, political leaders and key officials in the local administration. The BU's written records are also analysed, along with field notes from various BU meetings, its interactions with traders and government officials, and its participation in political events.

Section 6.2 outlines the evolving structure and functions of the BU, and identifies its areas of strength and weakness as a form of associational SC. Section 6.3 explores the role of interpersonal networks and the norms of cooperation such as trust and reciprocity in the structure and functions of the BU. Section 6.4 analyses the implications for local governance of the BU as an associational form of SC, before Section 6.5 presents the conclusions of the chapter.

6.2 An overview of the evolving structure and functions of Batkhela Bazaar Union

The BU has evolved from an instrument articulating traders' interests to a significant element of local governance in Batkhela. Three main processes account for this evolution. Firstly, its own governance has switched from a nominated committee of elders to a body of elected representatives. Secondly, instead of articulating the interests of the landless against the landed class, the BU has adopted a centre-ground position in local politics.

Thirdly, owing to the phenomenal growth of Batkhela bazaar, the BU's significance as a facilitator of communication between the government and traders has increased.

In addition to the BU, the bazaar has observed the emergence and decline of many smaller associations which are either sector-specific or market-specific unions. These unions have a dual function: facilitating communication between the BU and traders; dealing with trade-specific problems, mainly dispute resolution but also accompanying traders to government offices if needed; and collective action at sector level. Nineteen market-level and eight sector-level unions were found in the bazaar. Some of the sectors, including textiles, synthetic fibres, electronics, grocery, IT services, photo developing and mobile phone sales and repairs, do not have a union of their own. The smaller unions have a president and a general secretary who are usually elected with the collective agreement of traders and who hold their positions as long as they enjoy the traders' confidence. This suggests that the economic activities in Batkhela bazaar generate associational SC, which is an essential part of bazaar life. Traders' associations are essential for the efficiency of collective actions (Nadvi, 1999). However, the literature on Pakistan in general (Kamal, Naqwi and Usmani, 2015) and the Malakand region in particular indicates that traders' associations are generally weak (Suleri et al., 2016; Jan, 2014). A detailed and systematic exposition of the causes of this weakness is yet to be provided. Batkhela Bazaar Union presents an interesting case for this task, since it is the most developed and represents the largest community of traders in Malakand District (set out in Table 6.1); and also since its functions do not vary widely from those of traders' associations in the rest of Pakistan (as shown in Table 6.2). Moreover, an analysis of the BU's structure and functions will identify the areas in which it is effective and ineffective, and the factors contributing to its strengths and weaknesses as an association. Its evolution is rooted in weak institutional infrastructure, political exclusion, increased governmentalisation and evolving participation structures. These factors together shape its role in the local governance. The BU is a manifestation of "unstable" "contingent social capital" generated by the bazaar (Lyons and Snoxell, 2005). This means it is a platform that exhibits traders' solidarity and collective action, but manifestation of this solidarity is contingent on the situation, the underlying incentives for collective action, and the goals towards which the action is directed (shown in Table 6.2).

Table 6.1: Features of bazaar unions in the Malakand region

Location/ Bazaar union features	**Batkhela (Malakand District)**	**Thana (Malakand District)**	**Chakdara (Lower Dir District)**	**Barikot (Swat District)**	**Dargai (Malakand District)**
Size of the bazaar (fixed shops)	5,500	1,200	1,400	900	2,500
Formation of the BU	Late 1960s	2000	2000	1995	Data not available
First formal elections	1983	2010	2011	1996-7	2010
Regular elections	Yes (since 2010)	No	No	No	No
Dependence on political actors for performance of its functions	Yes	Yes	Yes	Yes	Yes
Inclusion of different political parties in the elected cabinet	Yes	Yes	Yes	Yes	Yes
Dependence of large business owners on the union	Relatively low	Low	Low	Low	Low
Dependence of small business owners on the union	Relatively high	Relatively high	Relatively high	Relatively high	Relatively high
Collection of funds for helping business owners and frequency	Yes (needs-based collection)	Yes (needs-based collection)	Yes (needs-based collection)	No	Yes (needs-based collection)
Location at district or sub-divisional headquarters	Yes	No	No	No	Yes
Involvement of local administration in elections	Yes	Yes	No	No	No
BU-collected funds helpful for small traders in emergency	Yes	Yes	Yes	Not applicable	Yes
BU-collected funds helpful for large traders in emergency	No	No	No	Not applicable	No
Socioeconomic status of BU representatives	Mainly small business owners	Small business owners	Small business owners	Small business owners	Small business owners

Source: Interview data, and a short exploratory survey with representatives of other traders' associations at different bazaars

Table 6.1 identifies the key characteristics of Batkhela BU and its role as an element of local governance in the wider context of the Malakand region, along with its protracted evolutionary history, administration, political involvement in elections, and

differentiated utility for small and large traders. Moreover, the table also demonstrates the BU's role as an emerging space for political participation (see Section 6.4.1 for an expansion of this point), its growing significance for the local administration, and its role as an occasional service provider for traders. This suggests that the bazaar creates interdependencies across the local governance structure.

As collective associations of traders, bazaar unions perform a number of important functions. At Batkhela, the most significant of these include dispute resolution, philanthropy, lobbying and facilitating traders' access to state institutions. Many of these functions stem from ineffective formal governance. For instance, the law relating to property rental provides for an annual rent increase of 10%, or 25% after three years. Violation of these laws is a key feature of the property market in Batkhela bazaar. In many cases, rent is increased by percentages of 30, 50 and 100, and in some cases up to 200. Rent increases and the resultant disputes are causing a shift in the bazaar from informal contractual relationships towards written tenancy agreements. Nineteen cases have been recorded in which contracts were specifically introduced because of disagreements over rent, and to avoid future disputes. However, signing written contracts does not guarantee the prevention of future disputes; it does, however, offers a basis for validity to the claims of the conflicting parties. Informality in the trading ties is still rampant. Traders do not sign any formal contracts for loans, purchase and sale on credit, or quality of the goods to be delivered, etc. Differences over loans and quality frequently arise. Moreover, welfare provision and formal social safety nets are absent: in the event of accidents and emergencies, the BU mobilises support for the affected traders. The BU performs an active but limited role in these governance problems relating to individual traders. Table 6.2 summarises not only the functions of Batkhela BU, but places them in the context of other traders' associations across Pakistan.

Table 6.2: Functions of Batkhela BU compared with other contexts in Pakistan

Location of BU/ Associational and collective SC functions	**Batkhela**	**Peshawar (capital of KP)**	**Punjab**
Resolution of business disputes	Limited role	Limited role	Limited role
Collective action	Most active on issues of taxation by central government and land use by local municipalities	Taxation and land use	Taxation and land use
Lobbying with municipal government for the provision of services	Yes	Yes	Yes
Philanthropy and charity	Yes, but occasionally	Yes, but occasionally	Yes, in some instances regularly
Provision of temporary finances for business owners	Yes	No	Yes
Involvement in local politics	Yes	Yes	Yes

Source: For bazaars in KP see Table 6.1; for bazaars in Punjab see Javed (2015, pp. 10-11)

The scope of Batkhela BU's functions has increased considerably over the years. It was established for resolving disputes between different traders, and between traders and landlords. It also represented traders in their interactions with the local administration and protected their interests against the landed class. At present, it also protects traders' interests in administrative decisions, facilitates the bazaar's governance by the state, develops Batkhela's reputation in other bazaars, and offers an alternative platform for political competition alongside the formal local participation structures. Analytically, the functions of the BU have two main categories: firstly, activities and action regarding the state (state-regarding) and secondly, activities and action regarding individual traders (individual-regarding). The former entails enacting traders' collective action in response to state decisions or the absence of state institutions, while the latter includes its role as a resource for individual traders. This distinction makes clear the BU's twin roles of successful collective action and individual representation. Table 6.3 chronologically lists the key historical events related to the BU's state-regarding action to protect the collective interest of the traders' community: its individual-regarding functions will be examined in depth later in the chapter.

Table 6.3: State-regarding functions of Batkhela BU: Collective interest and solidarity

Actors' roles/ Key events	Role of state	Traders' interests	Role of BU	Outcome
Digitalisation of phone lines, 1992/3	Non-provision of digital phone facility	Acquisition of digital phone lines to facilitate distant trade	Organised protest in Islamabad to articulate traders' demand	Digital phone lines installed
Sharia protesters block main road in Malakand, 1995	Unable to appease Sharia protesters	End to blockade that halted supplies and distant trade	Facilitated negotiations with protesters	Protesters called off strike
Military curfews and bazaar shutdown, 2009	Unable to restore writ without curfews and military action	Limited relaxation of curfew to allow inflow and outflow of goods	Negotiated with military and local administration	Relaxation for trading and transportation allowed
Demolition of encroachments in the bazaar by military, 2010	Demolition of all encroachments in bazaar along main road	Stopping military action against encroachments	Complicit in military's actions	Encroachments indiscriminately demolished
Notification to abolish tax-exemption for the region, 2016	Including the Malakand region in tax net	Preventing implementation of government's decision	Press-releases, organising rallies and shutter-down	Government reversed its move

Source: Interview data and field notes

The events and outcomes shown in Table 6:3 suggest that Batkhela BU has been able to successfully influence the state through collective action on a number of occasions. However, its role as an association is constrained by two key factors: the bazaar's heterogeneity (Javed, 2017), and the centrality of informal networks. Table 6.4 highlights the key dimensions of the bazaar's increased heterogeneity. It should be noted, however, that this increased heterogeneity creates network diversity, preventing domination of the BU by a single political party or group.

The causes of this increased heterogeneity lie in status hierarchies owing to economic inequality, and the diverse political affiliation of traders. Heterogeneity itself is the outcome of an increase in the size of the bazaar's economic activities and changing the structure of local politics. This contiguous evolution underpins the relational structure of Batkhela bazaar that has led to the centrality of informal networks. In contrast to the suggestions of the existing literature on traders' associations in Pakistan (Kamal et al., 2015), the question of a feudal mindset as a determinant of BU weakness is less relevant than the relational embeddedness of individual networks. This embeddedness shapes agents' dispositions to rely on individual or associational networks. Jan (2014) is correct in stating that, for well-connected traders, the BU is ineffective. Jan (ibid.) is, however, reticent on the causes of traders' differentiated levels of connectedness and the

implications of this for the BU as a collective entity. The unequal distribution of capitals is the cause of the BU's weakness, not least because the BU is dependent on well-connected traders for the performance of its functions, and these traders in turn lack trust in the BU's efficacy to serve their individual interests. Large traders rely instead on their personal networks to access state institutions, negotiate solutions to disputes with landlords, and acquire help in emergencies. As the owner of a recruitment agency stated: "For me, the role of our Union is zero. The president is very active in going with traders to the police station, and raising funds for those who have suffered accidents. These activities are good, but he is entirely unaware of my problems" (Haji Aleem interview, 17 May 2016).

Table 6.4: Influence of increased heterogeneity of Batkhela bazaar on its representative structure

Period/ Key evolutionary dimensions	**Pre-1970**	**2016**
Percentage of traders (occupational class) owning land in the bazaar	0%	35%
Percentage of traders from landless class	95%	60%
Percentage of business owners from landed class	5% (1 out of 20)	35-40%
Number of political parties supported by traders	Single party	Six parties
Class background of BU representatives	Landless class	Mixture of landed and landless class
Political affiliation of BU representatives	Members of single party	Members of six different parties

Source: Interview data and field notes.

The increasing political and socioeconomic heterogeneity of Batkhela bazaar has implications for the BU's structure. Initially, the BU was formed as a committee of elders in the same pattern as a *jirga*, whereby bazaar elders would decide on important matters including the nomination of the president. However, as a key member of the BU's election committee notes: "Shopkeepers were no longer prepared to accept a non-elected president; they demanded a vote for the post, which was held for the first time in 1983" (Sardar Khan interview, 10 May 2016). Thus, a "one shop one vote" election method was adopted and four elections were held between 1983 and 1993. Elections were suspended between 1993 and 2009, and the BU remained a symbolic entity with a single president. However, traders' dissatisfaction with their dormant association, an increasing interest from political parties in the bazaar's politics, and the difficulties faced by the local administration in communicating with the continuously growing bazaar provided incentives for the BU to be reinvigorated.

The urgency of reviving the BU came to the fore in the PATA military crisis of 2009, when it was considered the only means for facilitating communication between traders, the local administration and the military. Alliances comprising members of

multiple political parties and both the landed and landless classes were formed to contest elections in the winter of 2009-10. To accommodate the wide range of interests, the BU began to be elected in the form of a panel including a president, vice-president, general secretary and joint secretary, as well as posts covering finance and press relations.[54] Since 2010, three such elections have been held with two major implications for the BU's role as associational SC: firstly, no single political party or class can control the BU; and secondly, informal networks instead of associational bonds are the basis of cooperation in its elections. For instance, in the elections of 2013 and 2017, both contestants for the post of bazaar president were active workers in the Pakistan People's Party.

In summary, Batkhela BU has evolved as an integral element of the local political structure, but it remains ineffective as a form of collectivity owing to the bazaar's increased heterogeneity. The cause of its weakness lies in asymmetric power relations, the differentiated access of traders to state institutions, and agents' dispositions towards the efficacy of associational SC. The BU for instance, as a grocery wholesaler commented, "is always there, which is the evidence of its significance. It is always there for those shopkeepers who need it" (Ehsan Haji interview, 16 July 2016). This suggests that use of the BU as a resource for individual traders varies widely, explaining why they consider it to be ineffective in individual-regarding functions. The following section explores how the BU draws on individual networks in its performance of these functions, and also the role of these networks in shaping individual dispositions regarding the BU's effectiveness or otherwise.

6.3 The role of interpersonal networks and norms of cooperation in shaping the functions of Batkhela Bazaar Union

This section explores the influence of interpersonal networks of traders and norms of cooperation on the structure and functions of Batkhela Bazaar Union. The findings confirm the argument of Norris and Inglehart (2003) that analysis of these informal networks is fundamental to understanding the role of associational SC. Analysis of the role of Batkhela BU in local governance reveals that, with the exception of its collective action against the government's decision to impose taxes in the region, the networks of its members play an active role in its structure and functions as an association.

A number of factors determine the role of these networks both in shaping the capacity of the BU to perform its functions, and in determining the use of the BU in relation to any of these affairs by individual traders. These factors need to be viewed in the

[54] So far, two panels have been organised to contest the elections. The panel that was elected in 2009 will be called Panel 1, while the panel elected in 2013 will be called Panel 2 for the rest of this chapter.

broader relational context in which the BU operates. This is also important for tracing continuities and discontinuities. Firstly, members of the BU are dependent on the support of large business owners and local political actors for their election. Secondly, the BU, in its interaction with the administration, which is one of its key function, relies on the support of local political actors, who in turn rely on the BU's support in their rallies and processions to pressurise the local administration. Thirdly, as in the past, the BU is an important resource for traders embedded in the wider political economy, but unlike in the past, its role and utility for individual traders varies in accordance with their socioeconomic status. In order to offer temporary relief to small traders in the event of accidents, it generates finances from affluent traders. The socioeconomic status of business owners shapes their reliance on the BU for accessing state institutions in relation to their individual affairs. For instance, large business owners have extensive and high-quality informal networks, and therefore do not need the BU's help to access state institutions, whereas poor traders lack extensive and high-quality networks, increasing their reliance on the BU to access these institutions. The following section explores the role of multiple overlapping networks in the formation and functions of the BU.

6.3.1 The role of informal networks in facilitating BU functions

Analysis of the role of the networks of individual traders reveals five key types of individual networks: acquaintances, family, friendship, political and governmental. Jan (2017) identified family/kinship, friendship and economic networks in relation to economic activities in Batkhela bazaar. However, his analysis of these networks is limited to entrepreneurial activities which do not extend to politics, and therefore it does not explain how one form of network (e.g. economic or political) is transformed into another (e.g. friendship). Interestingly, economic networks (economic exchange relationships) do not play an active role in the election and functions of the BU. Nevertheless, due to their overlapping nature, these five types of networks cannot be accorded a discrete location in the BU's election and functions. On aggregate, however, the BU benefits from these networks during elections and in the performance of its functions. Moreover, these networks are dynamic, and evolve from one form to another due to their interaction in the BU's politics. Due to their cross-cutting nature, these networks are often bridging networks, serving as a structural whole to access resources that would otherwise be inaccessible (Burt, 2000, pp. 347-349). For instance, an acquaintance provides knowledge about the resourcefulness of a person, but access to that resource is unlikely to be gained unless it is mediated by friendship, family or political ties (see Chapter 8), or is turned into a political or friendship network.

Representatives of the BU draw benefits from multiple interpersonal networks. These networks are dynamic, and evolve during the course of cooperation in the politics of BU (Fox, 2014). For example, an analysis of Faqir Khan's network in Batkhela bazaar demonstrates the centrality of interpersonal networks and their dynamic nature. In elections for the post of BU president in 2009, Faqir Khan gained victory over Mujahid. Faqir drew on three main types of networks for his support in the elections: family, friendship and political. Both Faqir and his supporters were motivated by individual goal attainment, which was unlikely without mutual cooperation and support (Portes and Sensenbrenner, 1993, p. 1,321). It is also important to note that the three networks used by Faqir spanned other boundaries: the family member belonged to an opposing political group; the friend was from an opposing party and different kinship group; and the political contact had nothing in common with Faqir except membership of the same party. Interestingly, all three nodes in Faqir's networks also had ties to his rival. For instance, his family member and friend were active members of the same political party (PPP) as the rival. Furthermore, his friend and his political contact shared kinship ties with his rival. However, no one from the networks had family or friendship ties with the rival.

The exchange between Faqir and his three different networks was not purely based on calculative computations: these ties had embedded history. For instance, Faqir's relationship with the friend was originally developed during their shared membership of a political party (ANP), and although the friend had since changed his political affiliation, their bond remained intact, enabling Faqir to draw on his support.

These ties are not a fixed source of support and evolve during the course of interaction in the BU's politics. In Faqir's case, the friendship and political nodes had evolved over time. For instance, the strongest opposition to Faqir emerged from the node in his political network who was a BU general secretary. A controversy over the control of a bank account used for managing the BU's financial resources sparked open hostility between Faqir and his political contact. As an outcome, the latter joined the rival side in the 2013 elections. Similarly, the friend also supported shifted his support to Faqir's opponents in 2013 because Faqir had failed to include him in the BU's meetings (contrary to his expectations). Faqir's family ties have remained stable, but this is not always the case in bazaar politics. As noted earlier, Faqir's family member and his rival are members of the same political party, but because of internal party divisions, Faqir's relative supports him instead of his own party's candidate.

This empirical example has three implications: firstly, that associational SC is weak both in the BU and political organisations; secondly, that interpersonal networks within the

BU are cross-cutting, dynamic and flexible; and thirdly, that the BU's representatives rely on their interpersonal networks when contesting BU elections and performing their functions as bazaar representatives.

Another example of the use of these networks can be seen in the case of a trader from Khar bazaar in Bajaur Agency, who paid his supplier in Batkhela bazaar using a fake cheque. The BU tried to help by communicating with both the BU of Khar bazaar and the local administration. In such instances, the BU generally communicates with other BUs, but rarely with the administration of the other district. In this case, the general secretary of Batkhela BU was an acquaintance of the political administrator of Bajaur. The general secretary of the BU claims that due to his personal ties with the political agent of Bajaur, he was able to facilitate resolution of the dispute in favour of the Batkhela Trader (Zalmay interview, 3 May 2016).

The empirical findings in this section require an understanding of the role of various types of networks and their relationship to the norms of cooperation in the structure and functions of the BU. The following subsections explore this in detail.

6.3.2 Content of networks: Norms of cooperation, trust and reciprocity

This section looks at the norms of cooperation such as trust and reciprocity in order to explore their role in shaping cooperation around the BU. In the social capital literature, trust has three major categories: interpersonal trust (relational trust/particularised trust) (Hardin, 2002); social trust (trust in strangers/generalised trust) (Uslaner, 2002, 2008); and civic or institutional trust (Fukuyama, 2001; Newton, 1999). These dimensions are related to different forms of networks – for example economic, political, governmental and family/friendship. This section looks at interpersonal (particularised) and social (generalised) trust, while institutional trust is treated as a determinant of greater reliance on either interpersonal or social trust (Rothstein and Eek, 2009). Similarly, reciprocity, which is closely related to trust, is both a cause and a consequence of trusting relationships. This section offers empirical evidence on the role of trust and reciprocity in the politics of BU, and explores the role of these elements of social capital in facilitating cooperation for certain functions of the BU. Table 6.5 sets out the relationships between different networks and norms of cooperation in the functions of Batkhela BU.

Table 6.5: Relationship between networks and norms of cooperation in Batkhela BU functions

Norms/ Role of networks	Trust (general and particular)	Reciprocity (general and particular)	Cooperation
Economic network	Closed interpersonal trust; no active role in facilitating BU functions; major source of votes; active source of situational solidarity	Support for BU depends on its ability to protect interest; "win-stay, lose-shift" behaviour	Source of victory or defeat in BU elections
Political network	Lack of cohesion; readily available source of regular support	Fixed bonds of mutual interdependence	Seeking support in BU elections; forming alliances to prepare a panel to contest elections; seeking BU support against government; supporting BU against government
Governmental network	Short-term, arms-length marked by mutual distrust and conflictive interests	Zero-sum based on negative reciprocity	Seeking support of BU to facilitate communication with traders; seeking government support to resolve traders' problems
Family and friendship network	Based on expectation; pre-existing interpersonal trust	Predominantly balanced reciprocity	Helpful in gathering votes; facilitating access to resources; facilitating BU functions

Source: Interviews with government officials, political actors and BU representatives

6.3.2.1 The role of particularised vs. generalised trust in BU functions

The empirical data gathered in the present research reveals low levels of institutional trust and organisational trust. This has implications for the role of interpersonal trust in the functions of the BU and for consequently traders' trust in the BU as their representative association. This section demonstrates how interpersonal trust facilitates the functions of the BU, and the way it shapes agents' disposition towards the BU as an institution. Traders' trust in the BU and government institutions is then compared.

Interviewees were asked about their trust in government institutions, political organisations and the BU. On aggregate, the results show a low level of trust among individuals for the protection of their interests. Fifty-two out of 60 traders said they lacked trust in government institutions for several reasons: the institutions' ineptitude in performing their functions; differential treatment of rich and poor traders (or people in general) by the administration; and favourable treatment of the party in power. Trust in political parties was also low. As a wholesaler of electrical appliances stated: "None of the parties cares for the general good. They may be useful for thieves and criminals but I don't

see their benefits for the public" (Rehmat Khan interview, 5 September 2016). On the other hand, trust in the BU as an institution to protect traders' interests was higher. However, trust in the BU varied in terms of its expected role for the traders and the capacity of its members to perform this expected role. This distinction is similar to what McAllister (1995) calls intention- and competence-based trust. The capacity of the BU, the socioeconomic status of its members, and the relationships between BU members and business owners determine an agent's trust in the organisation. A large majority of the survey respondents (92%) trusted the intentions of the BU to help its members when asked. However, two-thirds of the interview respondents (40 out of 60) exhibited a lack of trust in the BU's capacity to serve their individual interests. This implies that traders have a higher level of trust in the BU's role as an institution than in its competence.

Sections 6.2 and 5.2.3 have recorded a general weakness of traders' associations in Pakistan. The findings from Batkhela bazaar suggest an interesting dimension to that weakness. In order to maintain traders' trust, the representatives of the BU rely on a multitude of interpersonal networks to perform its functions. For instance, in a dispute between a shoemaker and his landlord, the ties between the BU president and the landlord facilitated negotiation for settlement. This is not an exception but a rule: every member of the BU counts on such ties when available. Five instances of such settlements were recorded in which these ties cut across the traditional landless and landed classes. The use of these ties is underpinned by interpersonal trust. For instance, referring to a land dispute, A key member of the BU stated: "I had confidence in him: that's why I asked him for a concession in rent for the retailer. I knew that he [my friend] would be annoyed, but I also knew that he would not disappoint me" (Ayaz interview, 4 May 2016). While reflecting on the utility of interpersonal trust in performing the BU's functions, Zalmay Khan, a key member of the BU in 2013-16, stated: "Some of my friends are those who have come to Batkhela and purchased land here. If I ask such friends they honour [my request], but if I ask a stranger, he may say something undesirable" (Zalmay interview, 2 May 2016).

In the absence of kinship or friendship ties with a BU representative, a political leader or influential business owner who has ties to the landlord is asked to accompany the BU members. Such reliance on powerful political leaders or business owners is grounded in clientelistic ties developed between the two in the existing power structure of the bazaar. This suggests that trust is at the basis of all these interpersonal relationships, which acquires meaning in the existing institutional order (Eisenstadt and Roniger, 1983, p. 26). Table 6.6 compares two cases to demonstrate the utility of interpersonal networks of BU representatives in facilitating its functions.

Table 6.6: Examples of Batkhela BU members' trust in personal ties for resolving traders' problems

BU official/ Case information	**President of BU (2010-13)**	**General secretary of BU (2013-16)**
Type of tie	Friend from landed class	Friend from landless class
BU function	Resolving tenant eviction dispute: shoemaker-landlord	Resolving rent-increase dispute: retailer-landlord
Outcome	Trader was allowed to stay for six months	15% rent increase instead of 35%
Quotation from representative	"When we were negotiating, I brought the shoemaker out of the room and asked him, 'If you want an extension or if you want money, tell me clearly' […] I knew that my friend would listen to me" (Faqir interview, 1 May 2016)	"I knew that one of my friends could convince the landlord. That's why, when I and the president were going to talk to the landlord, we picked him from his shop" (Bakhtiar interview, 19 May 2016)

Source: Interview data

Comparing the relative utility of the BU and interpersonal networks from the perspective of traders highlights the significance of competence-based trust relating to the functions of the BU. Well-connected traders with extensive networks do not rely on the BU, choosing to trust in the competence of their interpersonal networks rather than in the competence of BU (as can be seen in Table 6.7). This principle applies only to reliance on either interpersonal networks or the BU as an organisation, whereas trust in the BU as organisation is higher than trust in government institutions. In one example, when goods and money worth PKR 2.5 million were stolen from a prominent grocery wholesaler, Babu, he asked the BU to pressurise the administration to expedite the investigation. The BU threatened the administration with a blockade of the main road if the culprits were not apprehended. Six years on, the administration had failed to resolve the case, which further eroded the traders' trust in the government's competence. Nevertheless, in this case, the traders' trust in the competence of the BU was higher than his trust in the administration. As Babu stated: "The government does not do anything unless you pressurise it. And then, how much can the networks of an individual achieve? The bazaar union was required to get the government's attention. When the bazaar union raised its voice, they (government) took the matter seriously" (Babu interview, 17 May 2016).

Traders' varying dispositions towards the BU can be attributed to their differentiated socioeconomic status. A prominent wholesaler of synthetic fibre stated: "If I asked the Bazaar Union for help, it would do anything that it could, but I know that it cannot resolve my problem – that's why I don't ask for its help" (Sohaib interview, 8 May 2016). Large business owners, owing to their economic status and extensive ties, are not

dependent on the BU for access to state institutions, and hence lack trust in the BU's capacity to influence the state to protect their individual interests. Insofar as an agent's trust in his personal ties rather than those of the BU is concerned, the former enjoys greater trust than the latter. Large and small business owners have similar dispositions towards the BU in those instances where agents do not have the required social capital for dealing with that problem, or those cases where traders' networks of individual relationships lack the requisite capacity. This principle applies to all functions that make the BU a resource for individual traders, for instance, facilitating traders' interactions with the administration (see Chapter 7), or resolving disputes with traders, especially distant traders, or between business owners and their landlords.

Table 6.7 compares two land disputes, and shows the role of socioeconomic status in shaping the traders' trusting dispositions towards the BU. This analysis of traders' trusting choices to rely on either the BU or on their personal networks can also be used in a broader context to explain the level of interpersonal and institutional trust in the region.

Table 6.7: Example of comparison between trust in personal ties and trust in the BU

Name of trader/ Case information	**Zameer Khan**	**Waqar**
Type of trade	Shoemaker	Electronic goods wholesaler
Nature of problem	Landlord asking to vacate the shop	Landlord asking to vacate the shop
Duration of tenancy	26 years	30 years
Channel used for dispute settlement	BU	Friendship and political ties
Why channel used	Personal networks ineffective to help	BU ineffective to resolve dispute
Trader's description of trust in the BU	"I knew that my stance was weak. The owner asked me to find someone to buy the shop, because he did not want me to be affected. Still, I took the matter to the BU with two demands: either the shop should be sold to me, or I should be allowed to stay in the shop for six months until I could make other arrangements."	"I knew that the union could not do anything in this case. It does not have any role for the business owner. But yes, it is a showpiece through which the president attends meetings at different levels of government."
Trader's description of the availability of personal ties	"I made efforts to find someone, but could not find anyone. I knew a person who had money. I asked him to buy the shop. I told him that currently I am paying PKR 26,000 rent per year, but I will pay you PKR 5,000 per month, and I will also reconstruct this shop, but he did not agree."	"I told my sons not to decide themselves and not to engage the union again. I asked them to make Shabeer and Bakhtiar arbitrators, and whatever they decided I would accept that."
Outcome achieved	Business owner was allowed to stay for six months	New contract for less than market price was signed

Source: Interview data

The cases shown in Table 6.7 have an interesting trust dimension related to institutional trust. The landlord in the first case was a practising lawyer, who despite all his legal claims to the land, chose not to pursue his case in the court. Instead, he tried first to negotiate with the tenant over six months, and following the failure of these one-to-one negotiations, he agreed to the settlement arranged by the BU rather than disputing the case in court. In the second case, Waqar was aware that his stance was legally unjustified. As he stated: "I had told my sons, if he wants to do business in his shop, it is his legal right to vacate his shop, but ask him to give us some time" (Waqar interview, 9 May 2016). The landlord agreed, and a three-year contract was signed. However, at the end of the contract, Waqar's sons refused to vacate the shop when they found out that it had been rented to another business owner at a much higher price. In this case as in the first, the landlord decided not to refer the matter to the courts, since "it will take another three to five years for the courts to decide" (Informal interview, 5 September 2016). This preference for

resolving disputes informally suggests that trust in formal institutions is low. It also suggests that trust in the BU's individual-regarding functions is shaped by an agent's socioeconomic status, while trust in its state-regarding functions is the product of the BU's successful articulation of traders' interests.

One may conflate familiarity with trust in the above examples, although all trusting decisions are made in a familiar environment (Luhmann, 2000, p. 95). The BU, interpersonal networks or government institutions constitute the trusting choices which are filtered by an agent's habitus that makes sense of the existing social order in Batkhela bazaar (Karpik, 2014). Traders' decisions to trust either the BU or their own interpersonal networks are structured by familiarity which presents alternative choices, while trust is the choice made by agents despite the possibility of being disappointed by the action of others (Luhmann, 2000, p. 97). A comparison between two instances already referred to in this subsection will clarify this position. In the case of Babu, the trader did not choose between alternatives. As he stated: "In certain matters, the networks of a single person are not enough to pressurise the government: only the bazaar union can do that" (Babu interview, 17 May 2016). This represents familiarity with the BU's role, rather than trust in either its intentions or its competence. Conversely, in both the cases outlined in Table 6.7, the traders arrived at their current choices after being disappointed by another alternative. In this case, the choice to rely on either the BU or interpersonal networks was clearly a matter of trust, i.e. choosing between alternatives despite the possibility of being disappointed (Luhmann, 2000, p. 98).

6.3.2.2 Generalised vs personalised reciprocity: Cooperation within and with the BU

Agents initially cooperate with other in expectation of future returns. Whether it be cooperation between BU members, cooperation of BU members with political leaders, cooperation with government officials, or helping business owners, the norm of reciprocity regulates these relationships. Failure to fulfil the cooperator's expectations is punished by cutting off ties and shifting one's support to opponents in bazaar politics; meeting these expectations strengthens the ties between the providers and recipients of the favour. The structure of cooperative relationships around the BU is characterised by unequal power relations; however, the principle of reward and punishment for trustworthy and untrustworthy actions applies (with slight variations) in all cases. This contradicts the findings of Molm (2010), who limits the role of reciprocity to strengthening cooperative ties in equal power relations. Table 6.8 summarises the role of reciprocity in cooperation in the BU, and how this governs the various forms of networks embedded in asymmetric power relations.

Trust and reciprocity together also shape the outcomes of the BU's elections. The failure of existing representatives to meet traders' expectations is punished in subsequent elections. For instance, the BU's inability to prevent the demolition of encroachments by the military (see Table 6.3) had both short-term and long-term consequences for Panel 1. In the short term, the traders stopped their financial cooperation with the BU, while in the long term, Panel 1 was voted out in the BU's 2013 elections. A market-level president stated: "We wanted a president who could speak eyeball to eyeball to the administration: that's why we voted for the current president. The previous president was weak, and had many times failed to protect the rights of business owners" (Akbar Zaman interview, 4 May 2016). Previously, in the 2009 elections, the incumbent president was defeated amid rising opposition and his inability to favour traders in the dispersal of aid.[55]

Table 6.8: The role of reciprocity in cooperation in Batkhela BU

Actors/ Details of cooperation	**Business owners as BU cooperators**	**Political patrons as BU cooperators**	**Government officials as BU cooperators**	**Cooperation within cabinet**
Expectations of cooperators	Protection of interests	Inclusion in important BU consultations and decisions	Cooperation for better governance	Protection of personal interests
Act of cooperation with the BU	Contributing to funds collected for helping business owners	Support in elections	Providing greater weight to BU concerns	Gathering votes from personal networks
Nature of failure to fulfil cooperator's expectations	Complicity with gov't decision to demolish encroachments	Failure to include in consultation after getting elected	Siding with political forces opposed to administration	Failure to protect against food inspection
Sanctions by cooperator	Stopped contributing to BU's funds	Shifted support to opposing side in next elections	Less accommodating attitude; favouring opposition against elected representatives	Defection to opposing side in the next elections

Source: Interview data

Table 6.8 also demonstrates the role of reciprocity in governing various types of relationships around the BU. Failure to fulfil the cooperator's expectations invites sanctions which affect the ability of the BU to perform its functions. In the case of the demolitions mentioned in Column 2, the traders' subsequent decision to withhold funds affected the BU's functions. As the a key member of Panel 1 explained: "Between our

[55] The aid was a relief package for families affected by the 2009 military crisis. The president was able to secure aid because of his membership of the PPP, which was in office at the time; however, he favoured street vendors instead of business owners, which added to the rising opposition against him in the 2009 elections.

election and that event, we collected over PKR 200,000 from the traders. Our aim was to use that money to help traders. However, after that event, we were unable to realise that plan" (Falak Niaz interview, 5 May 2016). Also referring to the demolitions, a trader metaphorically explained: "I cannot allow you to stand on my shoulder and throw a fireball into my house [but] I will certainly support you if you aim to save my house from fire. In this way, both of us will be rewarded" (Akbar Zaman interview, 5 May 2016).

Drawing a distinction between generalised and personalised reciprocity is important here. Elected representatives of the BU derive their support both from their personal networks and from the bazaar as a collectivity, which is critical to their ability to perform their functions as BU representatives. In terms of generalised reciprocity, traders offer support with an expectation of the BU's help in the future. The findings of the exploratory survey suggest that 92% of the business owners support the BU because it represents their interests. However, in their additional comments, 90 respondents (45%) said they had never required the BU's help, although they expected to ask for help in the future. As Table 6.8 shows, the failure of the elected cabinet to realise expectations leads to non-cooperation from members. Conversely, interpersonal ties around the BU are regulated by an agent's "win-stay, lose-shift" strategy. Table 6.9 presents examples of the role of this principle in governing cooperation within various types of networks.

Table 6.9: Examples of regulating role of reciprocity for interpersonal ties in and around Batkhela BU

Position and officials/ Case information	**Within BU (president and vice-president)**	**Around BU (president and political leader)**	**Around BU (president and his friend)**	**Within BU (president and general secretary)**	**Within BU (president and general secretary)**
Year of election	2013	2013	2009	2009	2013
Support given to president in election	Helping to acquire votes of mechanics' community	Providing political support	Campaigning in the election	Acquiring votes from mechanics' community	Supporting president's position within the cabinet
Expectation of cooperator	Inclusion in BU meetings; protection of mechanics' community interests	Influence over BU meetings	Favourable treatment over political opponents	Being consulted on all important matters; being supported over opponents	Having a dominant role in the cabinet
Outcome of failure/success on the part of president	Cooperation failed: Stopped being invited to BU meetings after a year	Cooperation failed: Not invited to BU meetings	Cooperation failed: Support was switched to political opponents	Cooperation succeeded: Was preferred over dissenting voices within BU; included in all consultations	Cooperation succeeded: Gained extra powers in BU affairs
Reaction of cooperator	Joined the opposition in 2017 elections	Supported opposing side in 2017 elections	Supported opposing side in 2013 elections	Provided support in two subsequent elections	Continued camaraderie in 2017 elections

Source: Interview data and field notes. Note: Campaigning for 2017 election had started during fieldwork in 2016

Cooperation in the politics of the BU is reciprocal. The behaviour of a recipient of a favour is conditioned by the action of the cooperator (Eloire, 2014; Lin, 2008), and the cooperation persists unless one of the cooperating agents acts contrary to the other's expectations in a way that is detrimental to the interests of the cooperator. Exchanges within the BU and with various actors are, however, not tit-for-tat: instead agents adopt a "win-stay, lose-shift" strategy to cooperate in bazaar politics (Nowak, 2006, p. 1,560). This principle governs almost all the cooperative ties surrounding the BU. This section also suggests that reciprocity stabilises cooperative relationships in the BU's politics. In non-game theoretic terms, cooperation lead to increased cooperation, while failure to reciprocate leads to punishment from the cooperator in the form of non-cooperation and even in giving support to the opposing side.

6.4 The significance of the role of the evolving Batkhela BU for local governance

Batkhela BU is embedded in a series of relationships that make it an integral part of the local governance structures. As an association of traders, it has implications for political empowerment and participation, competition in local politics, governing by the local administration, and as a public good for the traders' community. This section demonstrates why the BU matters for local governance in Malakand District, and how its role has increased in the aforementioned governance processes.

6.4.1 The development of Batkhela BU: Increased political inclusion and empowerment

As shown in Table 6.4, the evolution of Batkhela bazaar has resulted in its increased political heterogeneity. Heterogeneity is present at all levels: membership of the BU, the composition of its cabinet, and the formation of its political patronage structures. The latter is particularly significant for demonstrating the implications of bazaar-generated SC for local politics, and by extension, for governance. Each political party attempts to maintain its representation in the BU in order to secure its share of the bazaar-generated social capital that has utility for realising its objectives. Conversely, these political linkages are significant for enabling the members of BU to perform their functions and to gain some influence vis-à-vis the administration. This mutual interdependence has two major implications for local governance: tolerance and political inclusion. This suggests a positive side of social capital for local governance (Ikeda and Kobayashi, 2009, pp. 76-77). Actors who are pitted against each other in the local political field often form alliances to secure their share in the BU against their political opponents. The BU has also developed as an important source of power for the local political elite against the local administration. Similarly, as an outcome of economic change, members of traditionally opposed socioeconomic categories often join hands in bazaar politics. These empirical trends are indicative of the BU's role in facilitating political tolerance and inclusion. Table 6.10 summarises the role of bazaar-generated SC and its implications for political inclusivity.

The increased political significance of the BU also results in the increased empowerment of the traders' community. It was found that three Union Council mayors, a vice-mayor, the district level general secretaries of three political parties, four members of the district council, one ex-member of the provincial assembly, one former national assembly member, and other political leaders all offer patronage to the BU. Moreover, the elected members of local government, especially from Batkhela's three UCs, campaign for their preferred candidates during BU elections. This offers a degree of empowerment to the traders, especially the poor traders, in terms of attracting attention from these political actors and market leaders. As a senior elected member of local government in Batkhela put

it: “There are a very few traders, say 50 or 60, from my constituency. However I help everyone, go with them to the police station, or to the district food office, etc., because they have voted for the candidate of my choice. If I don’t do it today, they are not going to vote for my candidate tomorrow” (Khalilullah interview, 4 September 2016).

Table 6.10: Evolution of Batkhela bazaar and political inclusion

Period/ Political inclusion	**1970s**	**After 2009**
Level of reliance by BU representatives on local political actors	Low	High
Level of dependence by political actors on BU	Low	High
Relationships between BU and local political elite	Zero-sum	Mutual interdependence
Level of political support for and interference in BU	Low	High
Traders’ access to state institutions	Limited	Inclusive
Bazaar-political elite-bureaucracy equation	Local bureaucracy-elite nexus against BU	Local elite/BU nexus against local administration

Source: Interview data and field notes

Responsiveness through elections is only one factor: competition among local political leaders adds to the BU’s power. As a senior elected member of the UC1 stated: “[Every politician] tries to help the BU before others to demonstrate his capability not only to the traders, but to the bazaar union’s members, in order to ensure their support in the future” (Nurullah interview, 11 August 2016). This has two important implications for local power relations. Firstly, the inability of a single political party and individual political leader to dominate the BU creates incentives for them to form cooperative relationships to gain support for the representative of their choice. Secondly, the electoral field of the BU’s politics, especially in the 2009 and 2013 elections, has proved to be an alternative electoral field in the absence of local government elections. Despite its imperfections, and the varying dispositions of the traders towards the BU as an effective institution, political leaders regard regular elections to the BU and the involvement of multiple political parties as an important “step towards democracy and representation in the bazaar” (Bakhtiar interview, 9 May 2016).

6.4.2 Increased significance of the BU for local administration

The BU’s role in the local governance structure and its significance for the local administration have also increased over time. The BU certifies the existence of businesses

in the bazaar, participates in the price review meetings held by the local administration, facilitates the communication of administrative information, and occasionally supports government welfare provision activities.

For example, following the military crises of 2009, the military decided to conduct a sports event in the district, and ordered the district administration to raise funds from influential members of the community. The administration had neither the mandate nor the trust of the traders to carry out the task, but the BU was well placed to administer it. A senior official in the district government stated: "It is not the job of the administration to raise funds from the community. Let me tell you clearly, it was an order from the military. They asked us to generate a certain amount of funds for them" (Liaqat interview, 15 September 2016). Another member of staff commented: "The role of the bazaar union in this process was that it generated those funds for us. We asked them [the BU members], and they contributed their share. From whom they collect those funds is not our concern" (Fasiullah interview, 1 July 2016). Traders' contributions to the event were entirely voluntary, and the friendship, political and other interpersonal ties of the BU members played an important role in facilitating the fundraising. However, the BU is neither willing nor able to permanently facilitate government requests in this connection, owing to the traders' apprehensions regarding government intentions to impose taxes on the local economy. Cooperation in this connection is likely to erode traders' trust in the BU as their representative association. For instance, the *tehsil* municipal officer asked the BU on three occasions to generate finances for waste collection, but was unable to persuade the BU members to help.

Conversely, the BU has greater proximity to political leaders than to administrative officials. This proximity often clashes with the administration's governance improvement agenda. The high level of interdependence between political leaders and the BU often results in cooperation against the administration. As an ex-member of the provincial assembly from Batkhela subdivision stated: "This arrangement [with the BU] is reciprocal: when the administration adopts a rigid attitude towards them, they want us to negotiate. And when we want to pressurise the administration, they provide us support in our rallies, or calls for strike" (Shahab Khan interview, 2 July 2016).

This interdependence between the BU and political leaders leads to the BU's involvement in broader politics. Its participation creates incentives for the local administration to seek its support. For example, in 2016, the district commissioner (DC) ordered the withdrawal of the private security of political leaders. The leaders who had lost their security reacted by opposing the administration, whereas the order was hailed by

other leaders who had not previously had security. The support of BU representatives for those affected generated additional pressure on the administration. These events unfolded alongside Panel 1's plan to seek the administration's support for new elections in the bazaar. In a secret meeting, the a key administrative official assured Panel 1 of the administration's approval for the elections. Members of Panel 1 then met in the bazaar to deliberate on the future course of action in the light of this assurance. A political leader and key facilitator of the meeting with the aforementioned government official told them: "You are assured of support [for the elections] because he [key government official] is annoyed with the attitude of the BU. He wants someone to replace those people and that's why he conducted today's meeting with you" (Field note, 22 July 2016).

The BU's growing political influence also creates incentives for the district administration to patronise cooperative representatives of the organisation. Hence, in another example, Panel 1 was provided with a government-owned vehicle to facilitate the movement of its members. Similar recognition for Panel 2 was denied due to its hostility towards the administration. This patronage is not legally mandated, but rather is based on the pragmatic considerations of local bureaucracy, aimed at improved order in the region.

A clear pattern of reciprocity underpins the enhanced role of the BU in the local governance structure. The conflictive interests of the local administration and political leaders serve as a generative mechanism that structures the increased power of the BU. This increased power creates incentives for both the administration and political leaders to patronise the BU. In sum, the increased political embeddedness of the BU and its capacity to facilitate or impede the administration's functions increase its utility for the local administration.

6.4.3 Development of the BU as a collective good

The BU has developed as a public (or community/collective) good. It is a resource available to every business owner regardless of his class or status. The ways in which the BU carries out its role as a public good, and the implications of this for local governance, range from the resolution of interpersonal disputes between traders to initiatives that benefit the entire bazaar. The outcomes of its use as a public good are mixed for individuals, because the prominent wholesalers have enough informal ties and they rarely use BU for the functions that it performs in this regard. However, as an institution, it is available to all in a wide array of affairs. In addition, the stakes of political actors in the BU (see Section 6.4.1) have increased its utility for the traders, especially the poor, due to its increased leverage against the administration. Table 6.11 summarises the range of functions for which the BU can be used by any business owner in the bazaar. Its use as a

public good and its effectiveness in delivering the desired outcomes are relative questions (see Section 6.4). However, some of its functions clearly indicate not only its utility for business owners, but also its impact on local governance in the context of weak formal institutions.

Table 6.11: Role of the BU as a public good

Number and example/ Type of help provided	Number of observations	Representative example
Dispute resolution	45	Small business owner unable to repay credit; BU negotiated easy return.
Helping traders in emergencies	8	Tailor's shop burnt; BU helped in rebuilding the shelves
Matters of collective significance	6	Preparing traders' ID cards that facilitated their mobility during and after the military crises of 2008-9

Source: Interview data

This table demonstrates the utility of BU as a public good for business owners. Its benefits are not exclusive to a specific class, group or sector in the bazaar. The rules of its membership are even more inclusive: anyone trading in the bazaar becomes a member by default, has the right to vote in its elections and can ask for its support. However, its roles in dispute resolution and helping business owners with emergency relief are insignificant for large traders: these traders benefit more from the BU's role in matters of collective significance. An example of this collective action benefiting the large traders was seen in the early 1990s, when the BU organised a protest in Islamabad to press for the installation of digital phone lines in Batkhela. The need was articulated by the traders' community mainly to enable the large traders to carry out their distant trade. The installation went ahead, and indeed benefited not only these traders but the entire region.

6.4.4 The role of BU in service delivery

A deficit in service delivery is a significant problem in Batkhela bazaar. The involvement of the BU as a stakeholder in major issues ranging from the slides (covers) of manholes to rubbish collection through to the reconstruction of public buildings such as a girls' schools and even the police station, indicates its role in local service delivery. The BU plays an active role in articulating these problems, and has far-reaching impacts on the administration's decisions – to the extent that the resource-constrained and powerless *tehsil* municipal office occasionally seeks to benefit from this role.

The role of the BU in articulating demands for the reconstruction of what is known locally as the "old police station" in Batkhela bazaar demonstrates its influence over the delivery of government services. The building had been destroyed by Islamic militants during the crisis of 2009 and had become a site for waste disposal (*dairan*) and was a

popular haunt of drug addicts. Its location in the centre of the bazaar and near Batkhela high school made it a serious social problem. Meanwhile, a municipal official told BU members about an unused share of district administration funds from the tax generated by the bazaar's transport stand - one of the few locally-generated revenue sources in Malakand District. One of the BU's members stated: "[The official] told us 'I will show you a fund which the DC is not utilising. If you make some efforts for that, we can rebuild this police station with the help of that fund'" (Ayaz Ali interview, 4 May 2016). In later meetings with the District Coordinating Officer (DCO), the BU members repeatedly made two demands: either for the building to be merged with the school, or for the "old police station" to be reconstructed. In the end, half of the reconstruction costs were secured from the transport revenue, and the other half was secured by the district administration from the provincial government.

Other than making demands in political meetings, as shown in the example above, pressurising the administration through press releases, and negotiating with it, the BU does not actively work to address the deficit in the delivery of services. Bazaar representatives (both from 2009-2013 and 2013-2016) have criticised the administration's failure to provide services, and have listed the forums in which they have raised their concerns. However, owing to resource constraints and the absence of traders' trust in the BU for spending bazaar-generated funds, the BU is unable to act as an effective self-help organisation for the provision of services. Nevertheless, it actively reacts against ineffective measures by major service providers that are detrimental to the interests of the bazaar or the public. For instance, the president of the BU (2009-2013) stopped a contractor from the Pakistan telecommunications company from working because the cables were being passed through an open drain, clearly causing damaging consequences during the rain. Similarly, the BU had a protracted conflict with the Water and Power Development Authority (WAPDA) which wanted to replace a high-capacity transformer in the bazaar with a low-capacity one. After three weeks of conflict in the local press, the matter was resolved through the intervention of the District Commissioner, to the satisfaction of the BU.

6.5 Conclusions and the way forward

This chapter has analysed the evolution of Batkhela Bazaar Union as a form of collective SC and its role in the local governance of Malakand District. Its mobilising capacity to pressurise government in times of collective crisis, and to seek concessions for traders, has been successful on a number of occasions. Its integrative capacity in local governance has also increased. In this connection, the BU's activities have two main consequences for

local governance. Firstly, its mobilising capacity to pressurise the administration creates incentives for the local political elite to patronise the BU. Since 2009, its electoral politics have become a main arena of political participation in the local field, with political actors forming alliances to gain support for representatives of their choice. The underlying cause of this alliance formation is the inability of any single party or group to dominate the field of bazaar politics, owing to the increased political and socioeconomic heterogeneity of Batkhela bazaar. In this way, the BU has evolved within the structure of power that historically surrounds it and has generated new forms of interdependencies within that structure. Secondly, the evolution of the BU as an element of governance has changed the traditional equation between the bazaar, political elite and local administration. The traditional bureaucracy-elite nexus against the local population, especially the traders' community, has evolved into a local elite-BU nexus against local bureaucracy. This confirms Schappo and Van Melik's (2017) findings that bazaars have greater integrative potential within the political field than in the administrative field.

As an association of traders, the BU remains weak and this weakness has a central relationship to the informal nature of traders' networks. Analysis of the role of the interpersonal networks of traders has two key implications for the role of the BU as an association. Firstly, the interpersonal networks of the BU representatives play a central role in facilitating its functions as an association. These networks are a mix of family, friendship and patronage ties. These ties are cross-cutting, overlapping political, kinship, and socioeconomic boundaries. Secondly, the interpersonal networks of the traders (ordinary members) shape their dispositions towards the BU as a resource. The economic inequalities in Batkhela bazaar determine not only the strength and quality of agents' interpersonal networks, but their reliance on the BU for accessing state institutions. This resonates with the findings of Levien (2015) and Beall (1997), that individual SC can prevent the development of collective SC but does not necessarily do so. The role of interpersonal networks in the structure and functions of the BU demonstrates that interpersonal networks also facilitate the functions of associational SC.

The chapter also identified three levels of trust that shape traders' dispositions towards the BU's role in the local governance structure, namely interpersonal trust, trust in the BU as a representative organisation, and trust in government institutions. The chapter confirms McAllister's (1995) findings that each of these levels of trust is further divided into two dimensions: intention-based and competence-based trust. In relation to the three levels of trust identified in the bazaar, the findings of this chapter suggest that levels of interpersonal trust are the highest, followed by trust in the BU as the bazaar's

representative organisation. In contrast, trust in formal institutions remains very weak. Trust in the intentions of the BU's representatives is higher, because of the expectations rooted in their institutional role as the traders' representatives. However, trust in the competence of BU members is lower than is the case with interpersonal networks. This triad of trust levels suggests that trust is temporal and relational. It is temporal in that it increases or decreases over time. It is relational because the decisions of individual traders to rely on the BU are shaped by their social sensibility. However, for the pursuit of individual goals, trust in interpersonal relationships remains the most significant.

The findings also indicate that the interpersonal networks facilitate the functions of the BU as a representative organisation for traders, while reducing its value as a resource for individual traders. Especially in terms of access to state institutions in individual-regarding matters, its value is clearly greater for small traders than for large traders. This raises two significant questions which will be explored in the next chapter. Firstly, if power relations shape an individual's disposition to rely on the BU in relation to their individual affairs, what role do their individual networks play in their everyday engagement with local government? Secondly, since, as noted in Section 6.4.2, the greater political embeddedness of the BU and its increased interaction with the government administration has had negative implications for local governance, to what extent do these informal networks, embedded in asymmetric power relations, therefore represent the "dark" side of SC for local governance?

Chapter 7 – The everyday governance of Batkhela bazaar: Social capital and the implementation of price, health and quality standards

7.1 Introduction

Taxation, which might be expected to be the most direct link between the local administration and the bazaar, is absent in the governance structure of Malakand District (as discussed in Section 5.3.1). It is therefore the implementation of regulations relating to price, health and quality standards that is the most frequent subject of everyday interaction between the bazaar and the local administration. Within this context, this chapter analyses the role of interpersonal networks and the associated norms of cooperation, trust and reciprocity, in filling the void created by weak formal governance mechanisms. It is argued that weak formal institutions and asymmetric power relations structure agents' propensities for employing SC in the everyday governance of Batkhela bazaar. Drawing on the types of networks identified in Section 6.3.1, this chapter explores the role of family, friendship, economic and political networks in the everyday governance of Batkhela bazaar. These networks create both negative and positive externalities for the governance of the bazaar and the broader Malakand District.

This chapter asks what role is played by bazaar-generated social capital in the development of regulatory mechanisms for goods and services in relation to price, health and quality. It draws on interviews conducted with business owners in the food and pharmacy sector of the bazaar, government officials in the local administration including the district administration, food and health departments, and local political leaders. The chapter also draws on field notes and legal documents, such as various acts regulating price, quality and health and safety standards, and records of government inspections of the bazaar. The key findings are illustrated by summaries of thematically identical cases, for instance in relation to business owners' violation of regulations and the role of state officials in their implementation.

In the remainder of this chapter, Section 7.2 examines the weakness of formal institutions for governing price, health and quality standards in Batkhela bazaar. This weakness erodes the trust of traders (and of citizens more generally) in government institutions. SC performs a dual function here: firstly it stabilises economic exchanges in the context of weak formal institutions; and secondly it negatively affects formal institutions by obstructing the implementation of regulations on price, health and quality standards. Section 7.3 then looks at the role of individual networks in facilitating corruption to the detriment of the implementation of these standards in the bazaar. Section

7.4 examines the role of trust and reciprocity in governing cooperative relationships in the multiple networks that are essentially embedded in asymmetric power relations. Finally, the conclusions and implications of SC for local governance are presented in Section 7.5.

7.2 Formal governance structures relating to price, health and quality standards

This section outlines the key regulations relating to price, health and quality standards, and demonstrates the weakness of formal institutions in the governance of these areas of bazaar life. The inefficacy of formal institutions has implications for traders' trust in the formal institutions. weakness of formal institutions is not merely the function of SC, but also how the district is governed.

7.2.1 Governance of price in Batkhela bazaar

Prices in Batkhela bazaar are governed by a combination of market mechanisms, social capital and state regulations. The role of the local administration in this regard is both limited and ineffective. It regulates prices in the food, pharmacy and petroleum sectors. In the food sector, its role extends to both determining and implementing prices, whereas in the pharmacy and petroleum sector its role is limited to implementation. Furthermore, within the food sector, the prices for fruit and vegetables are determined by a designated food controller in consultation with the fruit and vegetable union's representatives, whereas for all other food commodities the law requires a monthly price review. In practice, however, the price review meeting is held once a year, causing a discrepancy between official and market prices. The price review committee is presided over by the district commissioner (DC), accompanied by assistant or additional assistant commissioner, and includes representatives of traders and consumers.

Traders' violations of the formal rules regarding pricing are of two kinds: either they do not have an official price list or they do not follow it. Almost every trader possesses a copy of the price list because the law demands this, but the prices are violated very frequently. Fifty-two cases of price violations were recorded between May and September 2016. Twenty-two of the retailers concerned, along with five wholesalers, justified these price violations because of the discrepancy between market and official price. As a prominent grocery wholesaler stated: "Do you think that anyone is following these price lists in the bazaar? We have these price lists, but I will sell it at the prices that suit me, not the administration" (Zahid interview, 9 August 2016). The wholesale market price of goods is higher than the official prices, leaving traders with little or no profit margin. A grocery retailer stated: "If the administration expects me to follow the official price list, these officials first have to make sure that I get those goods below the official price in the wholesale market" (Sajjad interview, 9 August 2016). Traders possess price

lists to avoid violating this aspect of the law, but the lists are often not displayed to avoid unnecessary arguments with customers. Nine retailers and three wholesalers were found to have the price lists locked in their drawers. When an official asked a grocery wholesaler the reason for not displaying price list, the wholesaler replied: "Why should I display this price list? The customer will demand this price and will argue with me. When I refuse, because of the higher price in the market, he will complain to you" (Shairzada interview, 15 September 2016).

The administration's incapacity to rectify the discrepancy between official and wholesale market prices creates incentives for traders to manipulate prices. Moreover, the administration lacks the capacity to detect traders' strategies of manipulating the prices in order to comply with price regulations. For example, to manipulate prices without violating the official price lists, fruit and vegetable traders sell low-quality goods at the official prices. The official prices for food and vegetables are determined, followed by bidding in the wholesale market (*mandhai*). A norm in the market is that a retailer purchases bags of fruit and vegetable in the wholesale market, and if retailer finds low-quality fruit and vegetables when he opens the bags at his shop, his supplier reduces the price accordingly. However, these fruits and vegetables are still sold to the public at the official price unless the retailer has to return credit to his supplier for the next purchase.[56] Similarly, sellers of tea, rice, sugar and bakery items can also easily manipulate the regulations by selling low-quality goods that comply with the official price if there is an imbalance between the official and market prices of the commodity. As one grocery wholesaler stated: "They have fixed the price of tea for [PKR] 500 per kg but they don't know if I am selling a lower quality for the price which they have determined" (Zafar interview, 11 August 2016).

The fact that administrative officials are incentivised to maintain records of their work, rather than to improve governance practices, is a major cause of institutional ineffectiveness. This is a key reason for discrepancy in the robustness of price implementation around the month of Ramadan, and indeed throughout the rest of the year. The graph presented in Figure 2 shows a summary of the price inspection records of the

[56] Most of the retailers and street-vendors in the bazaar purchase goods from the supplier in the wholesale fruit and vegetable market on credit, and return the entire amount or part of it before the next purchase. Inability to make these returns will negatively affect their relationship, which makes it difficult for the retailer or the street vendor to get his next purchase on credit.

district administration. The graph clearly indicates a substantial rise in the frequency of inspections and imposition of penalties during and around the month of Ramadan.

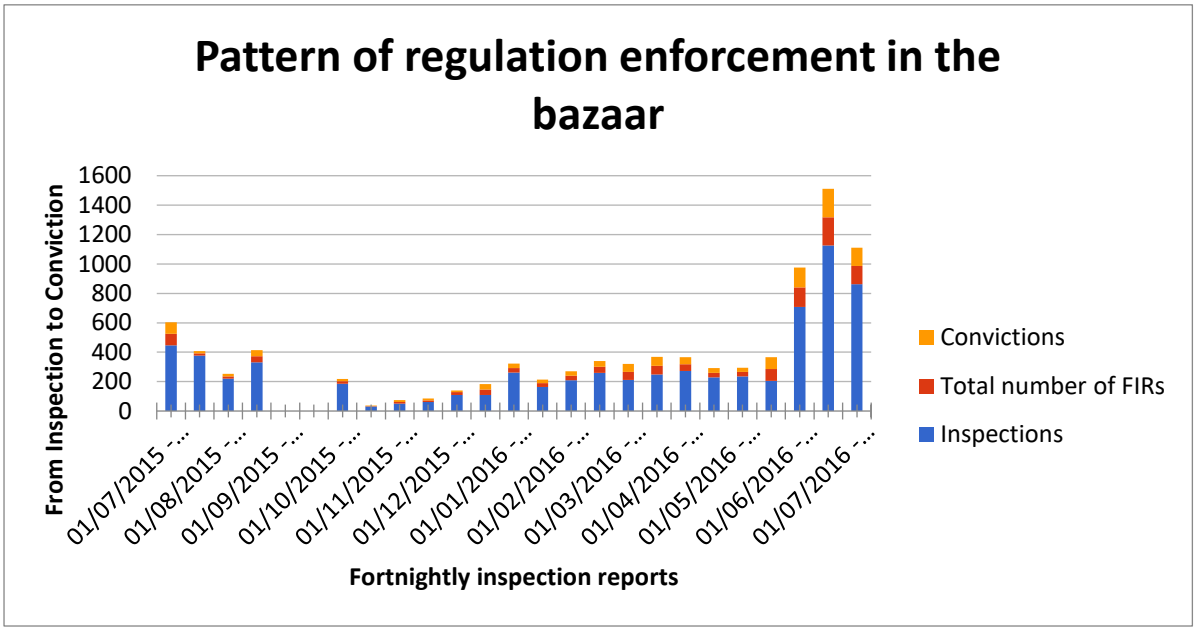


Figure 2: Pattern of administration's price inspections and enforcement of regulations in the bazaar. Source: Official records of District Commissioner's office

In short, the underlying causes of the administration's ineffectiveness are non-robust price determination, defective implementation and the absence of mechanisms for detecting the manipulation of quality to comply with official prices. Within this context, the administration performs limited functions to regulate prices in Batkhela bazaar. As noted earlier, a single price review meeting was held in 2016. Towards the end of this meeting, a prominent wholesaler addressed the government officials and complained: "These prices are determined in the meeting, but they are not implemented in the bazaar" (Field note, 29 May 2016). Incensed by this comment, A senior administrative official responded: "This time you will see the change, but then none of you should come to intercede for a retailer, nor will you bring any politician along with you" (Field note, 29 May 2016). This points towards the role of informal mechanisms along with the fragility of formal institutions in the poor governance of prices in Batkhela bazaar.

7.2.2 Governance of health and quality standards in the bazaar

Violations of regulations applicable to health and quality standards are also pervasive. This section focuses on the governance of the pharmacy and food sectors of Batkhela bazaar: these are directly regulated by the local administration. Seventeen of the 23 interviewees in the food sector had a charge pending for violating the rules, while 19 were found to have dealt with one such case in the past. Similarly, in the pharmacy sector, seven of the 12 interviewees had been involved in ongoing investigations, while five of the wholesalers

were involved in interceding for their customers in cases regarding violations of health standards. A health official hinted at these pervasive violations and stated: “In the last 18 days, I have made cases against 20 business owners” (Interview, 17 August 2016). The main regulations applicable to different sectors in the bazaar are summarised in Table 7.1.

Table 7.1: Key regulations for governing health and quality standards

Details of regulations/ Legal provisions	Business sector	Responsible administrative departments	Implementing authority	Offences covered
Pure Food Ordinance (1960) and Pakistan Hotel and Restaurant Act (1976)	Food sector: confectionery, groceries, meat, hotels, restaurants, fast-food and beverages	District food department plus DC, AC, and AAC	Food inspectors, district food officer, DC, AC, AAC and ADC	Adulteration, counterfeit products, harmful ingredients, weight and quantity breaches
Drugs Act, 1976; Drugs Regulatory Authority of Pakistan Act (DRAP) 2012	Pharmacies of all types	District health department	Provincial drugs inspector	Sale of counterfeit, unwarranted or misbranded drugs; health and sanitary conditions at firms where products are kept for sale or display; sale of expired and spurious drugs; sale of homeopathic and natural drugs at pharmacies; issues of licensing/registration.

Source: Author’s own elaboration from key acts

Resource constraints and non-robust institutional mechanisms account for the poor implementation of these regulations. For instance, local officials intentionally ignore temperature and hygiene standards in the pharmacy sector. Strict enforcement of these standards would be likely to place greater demands on government resources. One health official explained: “Laws exist for regulating these standards, but I know that the government would be faced with more severe crises than the current situation if they were enforced. [If this happened], I am sure all the 300 pharmacies in the bazaar would be sealed and the patients would be unable to get medicines for their treatment” (Saleem interview, 17 August 2016). Furthermore, pharmacy owners and food wholesalers are required to hold licences issued by their respective government departments. In the food sector, none of the traders held a licence at the time of the fieldwork, while in the pharmacy sector, the administration had recently adopted stringent enforcement measures. Two cases of barbers, three of vegetable sellers and two of street vendors were reported by

interviewees who had switched from these businesses to the pharmacy sector before the change in the government's attitude towards licence-holding. Despite the change, traders were working in all three areas (retail, wholesale and distribution) while holding a single licence.

Enforcement mechanisms are also non-robust. Seven instances were found where not-for-sale medicines from the hospital's stores were traded in the bazaar. All the pharmacies selling these not-for-sale medicines were owned by employees of the health department. Furthermore, regulations are not consistently implemented throughout the district. For instance, certain sections of the Drugs Act 1976 and the Drugs Regulatory Authority of Pakistan Act (DRAP) 2012 prohibit the sale of Indian medicines. However, these medicines can easily be traded if the trader is located away from the hospital area where all the pharmacies are concentrated, or in villages that are rarely inspected. As with other regions of Pakistan, the sale of these medicines is on the rise because they are less expensive and more effective than their local counterparts (Farooq, 2016).

The incongruity between the theory and practice of the formal governance of health and quality standards erodes traders' trust in the formal institutions. Unsatisfactory inspection and implementation practices, differentiated treatment of the rich and the poor, and inadequate regulatory procedures all erode citizens' trust in formal governance structures. The inability of formal institutions to detect violations of certain health and quality regulations is governed by the norms of trust and reciprocity, which will be explored in detail in Section 7.4. Table 7.2 summarises the weakness of formal institutions and shows how this leads to the erosion of institutional trust in the governance of price, health and quality standards in the bazaar.

The fragility of formal institutions inhibits the development of civic or institutional trust (Rothstein and Eek, 2009). This context of the ineffective formal governance of price, health and quality standards exposes the limits of the state's coercive authority to enforce regulations. It not only prevents the development of healthy social capital but also allows its "dark" side to flourish (Wacquant, 1998). As an outcome, traders employ individual social capital that adds to the ineffectiveness of state institutions by facilitating violations of regulations through intercession and channelling bribes. Section 7.3 will show that SC on the one hand stabilises economic exchange relationships in the context of weak formal institutions, while on the other hand prevents the implementation of regulations, as outlined in Table 7.2.

Table 7.2: The impact of weak formal institutions on traders' trust in state institutions

Case information/ Sector	Institutional weakness	Impact on traders' trust in government institutions	Alternative (informal) mechanisms	Reported cases	Total respondents
Food and pharmacy	Lack of compensation for sample collected	Generate distrust in the formal practice of sample collection	Investing in networks with enforcement officials	15	23
Food and pharmacy	Unequal treatment of large and small business owners	Erosion of trust in institutional fairness	Development of market-based norms that increase suppliers' responsiveness	19	23
Food and pharmacy	Imposition of penalty on multinational (trusted) brands	Creating doubts in the motives of enforcement officials	Cultivating informal ties with enforcement officials	9	23
Pharmacy	Hoarding medicines and changing price tags after price increase	Creating perception of government's incapacity to govern	Developing trust-based understanding with supplier (especially producer)	9	12
Food	Inability to match official prices with wholesale price fluctuations	Providing justification for illegal activities	Colluding with producers to prepare low-quantity flour and oil packages to deal with price difference	3	11
Food and pharmacy	Response to question: Are you satisfied with government inspections?	No	Data not available	18	23

Source: Interview data

7.3 The role of individual networks in the governance of price, health and quality standards

Interpersonal networks of various types play a major role in the implementation of regulations for governing price, health and quality standards in the bazaar. In this section, interpersonal networks instead of associational memberships in the governance of these standards are the focus of analysis for two reasons. As argued in Chapter 6, Batkhela BU as a resource in individual matters is less significant than the interpersonal networks of traders. Moreover, the regulations outlined in Table 7.1 apply predominantly to individual-regarding functions. Interpersonal networks clearly play a greater role, especially in the

development of trusting trading relationships or networks of support for violating regulations. Furthermore, political affiliations or the BU are important only for small business owners in cases where the reciprocal obligations of economic exchange relationships are absent, or where an agent lacks useful family or friendship ties to influence these governance mechanisms. Employing relational networks to escape penalties is an institutionalised practice underpinned by weak formal institutions and cultural practices. This section argues that actors with strong socioeconomic standing and better endowment of social capital have more stable ties to operate for them in the realm of bazaar governance. The empirical findings suggest that the key networks in this connection, in order of significance, include economic, political, family and friendship networks.

7.3.1 The role of economic networks in bazaar governance

Economic networks perform a key role in the governance of price, health and quality standards. As argued in Section 7.2, a discrepancy exists between market and official prices, which leads to the pervasive violation of regulations. Within this context, as a market norm, wholesalers assume responsibility if a customer (retailer) is identified as violating official prices. Contrary to Varman et al. (2009), in Batkhela bazaar, no collective sanctioning mechanism prevents business owners from violating market prices. Even two neighbouring business owners, trading in the same sector, cannot influence each other to maintain prices at a certain standard. However, economic ties are effective in knowledge-sharing about the rise and fall of market prices. This implies that retailers get updated prices in the market from their suppliers in the bazaar. In addition, a loyal customer or friend may be offered a concessional price; however, generally, robust market competition exists at each level of the market, e.g. among the wholesalers/suppliers and among the retailers. The role of associations is limited to representing business owners in the official price review meetings, or negotiating penalties imposed by the administration against small traders for violating price, health and quality regulations. Apart from these areas, associational ties play hardly any role in the governance of prices.

Interpersonal ties based on economic transactions are a source of social capital for the mutual benefit of both the retailer and his supplier. The absence of collective sanctions and greater reliance on individual networks also have implications for the governance of health and quality standards. Economic networks governed by norms of trust and reciprocity have a dual role. Firstly, as Table 7.3 demonstrates, they stabilise economic exchange relationships, with SC filling the vacuum created by ineffective formal

institutions. Secondly, economic networks hamper the development of effective governance.

Table 7.3: The role of SC in stabilising economic exchanges

Dimension of stability	**Representative quotation**	**Number of responses**
Durable exchange relationships are developed gradually	"Initially, when you don't know a customer, you are very careful in dealing with him, but this relationship gradually develops. Almost all of my ties with my 500 customers have developed in this way" (Sohaib interview, 8 May 2016).	22
Trust or lack thereof determines continuity in exchange relation	"One of my customers in Bajaur, who ordered 50 sacks of rice last month, complained about the quality. I asked him to send the rice back. If you want to remain in the business, you cannot do one-shot transactions (*da yaway urazi rozgar nashay kawalay*)" Azmat interview, 31 July 2016).	20
Suppliers strive to develop trust to increase customer base	"If he wants to return even 1 kg of cornflour because of its bad quality, I will happily take it back because he is going to tell others in his circle and they may become my customers tomorrow" (Imran interview, 8 August 2016).	8
Retailers strive to develop trusted ties to acquire credit	"We sometimes even sell at a loss, to get the cash for payment to the market dealers so that we may purchase vegetables tomorrow" (Haris interview, 31 July 2016).	20
Purchase of items from a trusted supplier only	"I will do business with those who sell original goods, or those with reputation for taking responsibility for the quality" (Riaz interview, 17 July 2017).	21
Seller maintains buyer's trust for continuity of exchange	"When the DC charged him [customer] with violating the price of sugar which I had supplied, he rang me up and asked, should I give him the receipt that you gave me? I said yes, I will take care of it. this is how you retain customers" (Shairzada interview, 15 September 2016).	22
Breach of trust leads to cutting off ties	"[The supplier] delivered low quality rice. My father asked me to pay him in full and never do business with him again" (Zafar interview, 21 August 2016)	18

Source: Interview data (Total respondents: 23)

Economic exchange relationships, especially regarding price stability, are characterised by an absence of generalised cooperation and collective sanctioning mechanisms. The case of the union of traders in bakery items is illustrative of the absence of the role of collective SC in determining prices in the bazaar. Bakeries in Malakand District are divided into categories A and B, with the former selling higher quality confectionery for which the administration determines higher prices. However, instead of collaborating to maintaining prices in the bazaar, members of the union for category A vie with each other to acquire preferential prices from the administration for their products. In addition, four of them were found to be accusing each other of adulteration to reduce their production costs in the quest for greater profits. A prominent Category A bakery owner

stated: “My brother is the president of our union, but this union is not doing anything. In the past, when my father was its president, he would check if a bakery owner was selling below or above the price, but now everyone is the owner of his own shop and follows his own will” (Ibrar interview, 28 July 2016). Table 7.4 demonstrates the absence of generalised cooperation in the governance of prices in the bazaar.

Table 7.4: Social capital and governance of prices in the bazaar

Sector/ Governance factors	**Grocery sector**	**Fruit and vegetable sector**	**Bakery sector**	**Pharmacy sector**
Official price determination	Yes	Yes	Yes	No
Role of union in price determination	Yes	Yes	Yes	No
Role of union in ensuring regularities in prices	No	No	No	No
Collective agreement among business owners for maintaining price standard	No	No	No	No
Examples of individual competition	Tampering with quantity to lower price (two oil distributors)	Lowering price to attract more customers	Free refreshment at price review meeting to acquire distinct price status	Individual choice within 15% margin; lower-quality purchases to earn greater returns

Source: Interview data and field notes

Cooperation is a product of competition as outlined in the bottom row of Table 7.4. Price competition in the bazaar incentivises some business owners to adopt alternative strategies such as purchasing low-standard products or contraband, or using low-quality ingredients. The actions of agents are structured by market competition, and they are forced by market demand to purchase such brands to remain in the market. This practice is widespread in the grocery and pharmacy sector. For instance, a grocery wholesaler, pointing towards a brand of spices in his shop, explained: “I know that this is not pure because the ingredients that it claims to have are far more expensive than its price in the bazaar, but I am forced to buy it because my customers always demand this” (Shairzada interview, 15 September 2016). Similarly, a pharmacy retailer, identified as selling a fake life-saving drug, alluded to the greater profit margin as a rationale for his act. In total 16 cases were recorded of traders in the pharmacy, grocery, beverages and confectionery sectors dealing in counterfeit products or tampering with the ingredients for greater returns.

Economic ties along the supply chain facilitate cooperation to violate regulations. Both types of retailers – those who intentionally purchase counterfeit or below-standard goods, and those who avoid buying such products in order to maintain their reputation in the market – expect their suppliers to assume responsibility for a penalty against the retailer selling their products. On the other hand, for a wholesaler or supplier, the use of his networks for protecting his customers is fundamental to the sustenance and growth of his business. Hence, economic networks predominantly facilitate channelling bribes to avoid penalties in the cases where severe irregularities are involved. Table 7.4 summarises 11 cases to substantiate this finding. In all the cases but one, economic networks performed a key role in undermining the implementation of regulations.

Table 7.5: The role of economic networks in channelling bribes after health and quality violations

Case details/ Business	Type of violation	Official action	Role of economic network	Reason for relying on economic ties	Outcome for governance
Grocery: Wholesale	Fake brand of spices	Collected sample for forensic test	Paid bribe to alter laboratory results	Increasing customer numbers; avoiding inspections; avoiding damage to reputation	Laboratory results altered; laws not implemented
Grocery: Wholesale	Spices with harmful ingredients	Collected sample for forensic test	Channelled bribe to alter laboratory results	Increasing customers; avoiding frequent inspections; avoiding damage to reputation	Fake report provided; laws not implemented
Pharmacy: Retail	Counterfeit medicine	Collected sample for forensic test	Helped connect with the channel for bribery	Protecting a loyal customer and business partner	Fake "proved" as authentic; laws not implemented
Pharmacy: Wholesale/ distribution	Outdated medicines in peripheries	Collected sample	Interceded to drugs inspector	Fulfilling obligation as supplier; retaining the customer	Case not filed; implementation halted at initial stages
Grocery: Wholesale	Cooking oil made of harmful ingredients	Collected sample	Mill owner used influence over food officials	Maintaining reputation; improving business	Sample not sent to laboratory; implementation halted
Grocery: Manufacture /distribution	Harmful ingredients in ghee and cooking oil	Collected sample for forensic test	Paid bribe to alter forensic results	Improving business; protecting reputation in the market	Laws could not be implemented
Tea trader: Wholesale	Low-standard tea	Collected sample for forensic test	Paid bribe to alter laboratory results	Maintaining reputation; protecting customer; proving local officials wrong	Results altered; laws could not be implemented
Pharmacy: Distribution /contractor	Fake drugs supplied to village hospital	Stock confiscated, referred for forensic test	Paid bribe to alter results	Retaining hospital contract; maintaining reputation; subverting law enforcement	Results altered in the laboratory; violator escaped penalty
Beverages: Distribution	Beverages of low quality	Collected sample for forensic test	Paid bribe for altering forensic results	Retaining loyal customers; protecting reputation	Results altered; law could not be implemented
Beverage: Manufacture /distribution	Beverage made of harmful ingredients	Collected sample for forensic test	Paid bribe to alter laboratory results	Increasing customers; maintaining reputation	Laboratory results altered; law not implemented
Pharmacy: Illegal drugs dealer	Illegal/ unregistered drugs	Unidentified	Assumed responsibility for official proceedings	Maintaining reputation; increasing customers	Preventive: expecting to rely on intercession if need arises; law not implemented

Source: Interview data

Through the use of bribes, economic networks hinder the implementation of regulations applicable to the governance of health and quality standards in the bazaar. In all 11 instances summarised in Table 7.4, the drugs and food inspectors had collected the samples for forensic testing not directly from the business owners but from their customers (either retailers in Batkhela bazaar or in the peripheral areas of the district). Building reputations in the bazaar, maintaining and increasing customers, and avoiding identification by local officials, are the underlying motives of these business owners for using bribes and avoiding penalties. Traders' access to networks for channelling bribes or to government officials for subverting the implementation of laws is structured by the power relations in the bazaar. Only the pharmacy retailer mentioned in Row 3 of Table 7.5 had personally paid the bribe, but again, one of his suppliers had helped him connect with the official who could channel the bribe for altering results in the laboratory (see Section 7.5.2).

This suggests that the economic standing of a business owner determines his ability to access the networks that facilitate the channelling of bribes for violating regulations. In some instances, these networks of large business owners can be an effective resource for small business owners, who lack access to such resources due to their limited networks with an ineffective radius. The size and quality of traders' networks is often contingent on their economic standing in the bazaar. Owing to the scale and operation of their business, economic standing, direct access to government officials and dense networks of relationships, large traders do not rely on the assistance offered by political actors in the form of intercessions. For this group, bribing government officials proves to be a more viable and less expensive means of heading off penalties. As a cooking oil distributor boasted: "My products are not inspected in those places where I have ties to government officials. The problem arises where these ties are absent. Officials in those localities collect samples, send those samples for forensic tests, but I know that the outcome of forensic test will be what I want, because I feed them" (Zaheer interview, 22 August 2016).

7.3.2 Political networks and intercession for escaping penalties or acquiring concessions

Political networks are generally helpful for small traders. Where networks underpinned by market institutions are unavailable, political patronage serves as a resource. However, violations of price, health and quality standards by small business owners are also pervasive. Table 7.6 demonstrates the role of political networks in facilitating intercessions and the effect this has on the implementation of regulations relating to price, health and quality standards in the bazaar.

Table 7.6: Examples of the use of political networks in price, health and quality governance

Details/ Business type	Type of violations	Government action	Role of political actors	Outcome for business owners	Effect on implementation
Nine street vendors, retailers and small manufacturers	Encroachment, breaches of price and health standards	Inspection, imposition of penalties	Intercession	Fine reduced to half in five cases; acquitted without penalty in four cases	Uneven implementation of laws
Five retailers and street vendors	Breaches of price, health, and quality standards	Inspection, imposition of penalties	Intercession	Penalties reduced to a quarter of original level	Influence on administration's implementation capacity

Source: Interview data and field notes

Political leaders are an important resource for small business owners for negotiating concessions in penalties. These ties promote the intercession that is predominantly the domain of political actors because of their access to, and value for, bureaucratic officials at the local level. Regardless of their seniority, all 10 government officials interviewed confirmed that political actors interceded most frequently in matters relating to violations of price, health and quality standards in the bazaar. In addition, officials in health, food and administrative offices confirmed that political actors had a greater influence in terms of extracting concessions in penalties from high-level administrative officials. A support staff member at one of the key administrative offices, whose friend had been charged with a price violation, stated: "Our senior [official] does not listen to us, but we are forced by our friends to ask him for concessions. To help them, we adopt other means. My friend was charged with over-pricing. When a politician came to intercede for several business owners, I called [my friend] to come to the office instantly so that his penalty could also be reduced" (Nauman interview, 26 August 2016).

The capacity of political actors to extract resources for small traders through intercession is embedded in the power-dependence relationship between elected local government and local bureaucracy. In this interdependence equation, the small traders or the poor are an important resource for political leaders. As an elected member of local government stated: "Those who come to ask us for help, or request [access to] government officials, are largely small shopkeepers. The large shopkeeper does not need my help because he is a millionaire. He is already linked to those people" (Ibrar Khan interview, 1 September 2016). The evidence suggests that decentralisation increases the frequency of intercessions by political leaders. A key official in the food department explained: "There are three Union Councils in Batkhela. Since the local government elections, there is a

nazim or councillor in every street. Thus, each business owner is accompanied by these members when a penalty is imposed" (Shakirullah interview, 27 August 2016). The local administration lacks both the capacity and the willingness to discourage these intercessions. The incapacity of administrative officials in this connection stems from their dependence on political leaders to facilitate their administration. For example, a key administrative official spent 57 minutes trying to convince two members of the district council who had come to intercede for nine traders charged with violating prices. The matter was resolved by reducing the penalty to a sixth of its original level (Field note, 26 August 2016). When the council members left, the official stated: "They do politics with us, we do politics with them, and this is how it works" (Waseem interview, 26 August 2016).

An interesting dimension of the role of these political networks in facilitating corruption is that they are both bonding and bridging SC. For instance, political actors are likely to intercede for business owners even if they do not belong to their constituency and have no family or friendship ties, since this action, even for disconnected traders, displays power and ensures future votes in BU elections. This confirms Widmalm's (2005, p. 188) suggestion of abandoning the idea that certain form of SC are per se connected to specific benefits or dangers. It also contributes to the literature by demonstrating that bridging SC is helpful in promoting low-level corruption. Moreover, the findings of this section question the literature that associates higher level of bridging ties with lower levels of corruption (Myeong and Seo, 2016).

7.3.3 Family networks

Family ties, or "strong ties" are also an important resource in the dynamics of marketplace governance and corruption. However, family ties are less consequential than interpersonal networks in facilitating corruption or affecting the implementation of regulations, for three reasons. Firstly, only five cases were recorded where family ties were employed to intercede, and in three of these cases, the networks connecting the traders with government officials could not extract benefits for the business owners because of the families' lower status in the social hierarchy. Secondly, the effectiveness of family social capital depends on the socioeconomic standing of the business owner and the ability of a family member to influence government officials. Thirdly, all the key officials responsible for implementation, except those in the food department and police, are usually posted from other districts, reducing the scope for the strong ties necessary to make an impact on the implementation of regulations. Table 7.7 demonstrates the role of power relations and the

availability of family ties by comparing the cases of a vegetable retailer and a spice distributor in the bazaar.

Table 7.7: Example of the utility of family networks in dealing with price and health-related penalties

Case details/ Business	Violation	Role of family network	Reason for using family ties	Outcome
Vegetable retailer	Breaching official price	Brother approached local politician for help	No direct access to relevant official	Penalty reduced to one-third of original amount
Spice distributor	Selling expired spices	Cousin contacted DC	Inability to directly access and influence powerful government officials	Fine not paid

Source: Interview data

In both cases cited in Table 7.7, the family ties provided an indirect link to government officials. They were relevant in these cases not only because the family member was able to extract benefits for the business owner or was close to the official, but also because the business owner was unable to pursue his objectives independently. The case of the spice distributor whose cousin raised his case with the DC is particularly interesting here. He also identifies himself as an active worker of the Pakistan People's Party and claims that this connection is helpful in such cases. But in this specific instance, the matter was brought to the notice of the DC, which was beyond the sphere of his personal and political influence. As the spice distributor stated: "I don't ask [my family member] about small issues. I try to handle these matters personally. I know some people in the offices. If something happens, I ask them. I have also been the vice-chairman of the People's Party at district level. I can use those ties as well. But in this case, something extra was required. He has contacts even above the DC. I don't know to whom he had to talk in that matter, but my problem was resolved" (Azmat interview, 31 July 2016). Intercession through family ties is more effective than political intercession in cases where the trader or interceder has a direct family tie with the relevant official in the local administration. This link is often missing in the governance of Batkhela bazaar because the government officials in influential positions do not have any family connections in the district. Wherever these connections do exist, they have a greater influence than political intercession. Table 7.8 compares the cases of two health and food inspectors to demonstrate this argument.

Table 7.8: Example of the impact of family ties on the implementation of regulations

Origin of inspector/ Points of comparison	**Inspector resident of Malakand District**	**Inspector appointed from another district**
Resistance to intercession	High	High
Reputation for enforcing regulations in the bazaar	Strict	Strict
Resistance to intercession from own colleagues	High	High
Resistance to intercession from higher administrative officials	High	High
Demonstrated rejection of political intercession	High (5 cases)	High (3 cases)
Susceptible to intercession from friends and family	Yes (demonstrated)	Yes (potential)
Ever posted in one's native district	Yes	No
Representative quotation	"My maternal uncle asked me during a gathering to lift the penalty which I had imposed on his friend. I will tell you honestly, I did not lift the penalty, but I did reduce the fine, so he only had to pay 20%. The original was PKR 5,000, but he paid PKR 1,000 after the reduction."	"[At home] I have my relatives, I have my childhood friends. Here, no one knows me personally; I do not have close interaction with people. I cover the distance between three districts to perform my job here. I do not have any kind of social commitment. But if I was posted in my district, how could I impose a penalty on a store owner who has his shop in the street where I grew up? Or on people with whom I have had ties since the time of my grandfather?"

Source: Interview data

7.3.4 Friendship ties and their utility for dealing with penalties in the bazaar

The influence of friendship ties over price, health and quality regulations depends on the resources embedded within the friendship networks. They imply that a friend's position in the power structure and his ability to extract favours from government officials will determine the ability of friendship networks to have an impact on regulations. Nine cases were recorded in which traders employed friendship ties to thwart the enforcement of health and quality regulations. Table 7.9 summarises these cases.

Table 7.9: Friendship networks and their influence on bazaar governance

Case details/ Violations	Business type and size of violator	Location of friend (benefactor) in power structure	Method employed to deal with penalty	Outcome
Selling expired meat and violating price list	Butcher (small business	Official responsible for keeping records of penalties	Tempered original penalty imposed by food inspector	Fine reduced to 20% of original
Selling expired meat	Fast-food (small business)	Member of clerical staff in district secretariat	Request lodged with senior official	No concession
Selling unregistered (banned) medicines	Informal vendor with no fixed shop	Prominent wholesaler in bazaar	Speaking directly to health official	Charge not filed against the violator
Mixing fodder with spices	Spice seller (retail)	Local politician	Interceded with relevant health official who is family friend	Sample returned; charge not filed
Selling expired goods	Grocery retailer	Local politician	Interceded with assistant commissioner	Intercession turned down
Violating price list	Grocery retailer	Member of clerical staff in food magistrate's office	Asked food inspector for favour	Charge not filed
Selling rotten meat	Butcher	Maternal uncle of food official	Forced nephew to remove penalty	Penalty reduced from PKR 5,000 to PKR 1,000

Source: Interview data

A number of findings emerge from the analysis of friendship networks. Firstly, the location of the benefactor in the power structure is the major determinant of the influence of friendship ties on formal governance. Secondly, interactions in the bazaar also result in friendship ties operating across socioeconomic hierarchies, as Rows 4 and 5 of Table 7.9 suggest. Finally, interpersonal bridging ties facilitate intercession to the detriment of the effective governance of price, health and quality standards.

Overall, this section suggests that relational networks contribute more than associational networks to the fragility of formal institutions. Business owners frequently refer to interpersonal networks that facilitate intercession and bribes, e.g., economic, family and friendship, as the "means" (*zarya*) for escaping penalties. Furthermore, in terms of the role of Batkhela Bazaar Union and political affiliations, it is clear that most traders rely on these resources only in the absence of other means (interpersonal networks) of avoiding penalties. Reliance on interpersonal ties also has implications for trust in

government institutions to effectively govern multiple facets of bazaar life. The utility of informal interpersonal networks in the governance of the bazaar is evident from the fact that, in addition to patronising local political leaders, administrative officials cultivate interpersonal networks to detect violations of health and quality standards. As a local health inspector stated: "I am not a prophet who has revelations about violators. We develop our own resources who point out the violators" (Saleem interview, 17 August 2017). However, the utility of such resources for the improvement of governance is limited, as these informal sources often provide biased information that favours their friends and family members.

7.4 The role of trust and reciprocity in the everyday governance of Batkhela bazaar

Cooperation among agents in order to accrue benefits from their networks is underpinned by the norms of trust and reciprocity. Agents in various fields, whether economic, political or bureaucratic, draw benefits through such exchanges. One agent relies on another to intercede or pay a bribe only if a trusted relationship exists between the two. In the absence of direct ties between a business owner and a resource that is helpful in avoiding a penalty, a trusted channel for access is required: this channel is mainly provided by economic, friendship or, to a lesser degree, family ties. As noted earlier, each individual is embedded in multiple economic, political and social networks. An agent's propensity to draw on a specific network is determined by the degree of trust which the agent exhibits in the capacity of that network (Lin, 2000). This means that trust is asymmetric. However, asymmetry in trusting relationships also accounts for a trade-off between trust in government institutions and trust in interpersonal networks. Irrespective of one's business size and type, every trader in the bazaar believes that the government enforces regulations against him while larger traders get preferential treatment (Uslaner, 2008, p. 43). Within this context, which is characterised by low institutional trust in the government, interpersonal networks play an important role in bazaar life. The remainder of this section explores the role of trust and reciprocity in governing cooperation within the networks discussed in the previous section.

7.4.1 The role of trust in governing the networks of relationships

Ineffective institutions lead to low levels of generalised trust and greater dependence on interpersonal networks. The trust that is developed in these networks performs a dual role. Firstly, as Table 7.3 demonstrates, trust serves as an insurance mechanism to substitute for institutional weakness. Secondly, it governs the interpersonal networks developed around the bazaar's governance that facilitate intercession and bribes. This trust is both role-based (competence-based) and relational (Levi, 1998). For instance, a rule in the supply chain is

that the supplier will assume responsibility for the quality of the products or will pay the penalty. However, this upward disposition in the supply chain is not simply structured by the principle of economic transactions, but is also rooted in the past behaviour exhibited by the suppliers. In addition, the density of networks of the wholesalers and suppliers, their proven ability to bribe government officials, and their past record of assuming responsibility to protect the retailers, generates trust within economic networks.

In those instances where mutual obligations of economic exchange are absent, such as price irregularities, encroachment or an individual's acts of adulteration, political, friendship and family ties are employed. The trust of an agent in such cases relates either to the initiation of ties to the benefactor (cause of network development), or to the demonstrated utility of the latter in such cases (outcome of networks). Thus, the power and capacity of the benefactor, knowledge about his ability to influence the outcome of penalties, and the existence of personal or indirect ties, shape the initiator's dispositions to trust or not to trust in each situation. In the instance recorded in Row 6 of Table 7.9, the grocery retailer had twice escaped a penalty with the help of a friend. As the retailer stated: "I know he personally cannot do it, but he had ties to people in that office, and that's why he was able to do it for me in the past… If he fails to do it, I will look for another suitable person to get my job done" (Riaz interview, 17 July 2016).

This negative outcome of interpersonal trust is linked to institutional fairness in Rothstein's sense. As Rothstein (2013, p. 1,019) argues, when agents are aware that institutions and public officials who are responsible for implementing the law are corrupt and unfair, they will make an inference that most others cannot be trusted. A bakery owner who has paid penalties several times for poor health standards explained: "If you have ties to protect you from penalties, do whatever you like. But if not, you are doomed" (Shafeeq interview, 26 July 2016). A government official echoed the same sentiments when he stated: "We see it every day: those who have ties get concessions, or are even acquitted sometimes, and those who do not, there is no reason that the law will not work against them" (Ali interview, 9 August 2016).

For instance, A and B, two bakery owners, were charged with a similar violation of health standards. A lacked any trusted ties that could save him from penalties, while B, due to his business size and socioeconomic status, had enough personal ties to protect him from penalties. In theory, both paid the penalty, but B visited the district food office with a senior elected member of the district council. The food official could not turn down the intercession of the politician. Unable to lift the penalty, but also unwilling to disappoint the politician, the official himself submitted the fine to please the politician. Thus, B not only

got away with the penalty, but also demonstrated the influence of his networks over governance institutions. For this reason, trust in both the capacity and fairness of institutions is low, while trust in relational social capital to influence those institutions is high. Eighteen out of 20 respondents in the category of traders violating price and quality standards echoed low trust in institutional fairness and greater confidence in the ability of their interpersonal ties to influence government institutions in their favours. A pharmacy retailer summed up this relational infrastructure of trust when he stated: "It is a custom here: if you have a lot of money, and ties to powerful people, then it's fine, but if you don't, you're nothing. You will be doing your business, but you have to ask everyone for pity, even if your case is legitimate" (Goher interview, 11 August 2016).

7.4.2 The role of reciprocity in governing the networks of relationships

If trust creates expectations, reciprocity is a system of sanctions to maintain those expectations. In this sense, it offers stability to exchange relationships in the context of ineffective institutions. The interpersonal networks in the bazaar are regulated by the norm of reciprocity, which serves as an insurance mechanism. Two mechanisms, positive and negative reciprocity, underpin reciprocal exchange relationships. The former denotes goodwill that strengthens cooperation, while the latter refers to retaliatory actions that will follow the failure of either party to fulfil the obligations that a reciprocal relationship entails (Fehr and Gächter, 2002). For instance, the obligation by suppliers to assume responsibility for penalties is a norm in the bazaar. Abiding by this norm enhances the reputation and increased customer base of a trader, whereas failure in this regard invites retaliatory actions in the form of a bad reputation and declining numbers of customers. As a grocery wholesaler stated: "If I assume responsibility for my product, not only will the customer buy from me again, but he will pass on this information to others in the market. If I do not assume responsibility for my products, he will stop buying from me, and will tell others that this supplier does not assume responsibility of the quality of his product" (Imran interview, 8 August 2016).

Exchange relationships are undoubtedly asymmetric, and the wholesalers enjoy a powerful position. However, increased competition among the wholesalers reduces their ability to dominate the field unilaterally. Two processes, competition between actors with approximately equal power, and dependence of powerful actors on weaker actors to achieve their objectives, create incentives for the powerful to be more responsive. These processes also give a degree of power to the weaker actors, since they can apply sanctions if the powerful actors deviate from their expected role. In one example, food department officials collected samples of biscuits from a grocery retailer and sent them for laboratory

tests in Peshawar (since the penalty in such cases is not imposed unless confirmed by the outcome of the tests). Explaining his ties to the biscuit supplier, the grocery retailer stated: "I have been buying different items from him for the past five years, but if he does not pay the penalty for the items that he supplied, I will stop buying from him. Also, my brother is a salesman in the bazaar. He will tell everyone and people will be careful in dealing with him" (Inamullah interview, 5 August 2016).

The flow of mutual benefits in exchange relationships is contingent on the capacity of both parties to fulfil their obligations. A pharmacy wholesaler, selling a large quantity of unregistered Indian medicines to business owners in the peripheries of Malakand District stated: "Some of those customers have been with me for ages, to the extent that we have developed family friendships. I know that they can sell my stock, and they know that Zakir [interviewee] is sitting in Batkhela, and if any problem arises, he is there to handle it" (Zakir interview, 13 August 2016). This finding contradicts Molm's (2010) contention that reciprocity stabilises exchange only in equal power relationships. In Batkhela bazaar, the actions of the powerful actors, whether suppliers in the economic field or political actors in the political field, are structured by the principle of loss aversion. Explaining why political actors intercede for the poor if they violate regulations, an elected member of the local government stated: "If I don't do it, someone else will do it for them!" (Nurullah interview, 11 August 2016).

Traders in weaker socioeconomic positions also have other weapons to punish their suppliers for unfair treatment. The power of these retaliatory actions is greater in the case of a wholesaler's intentional involvement in illegal activities. For example, an ice-cream and beverages retailer discovered that his supplier was charging him more than other retailers for Pepsi. When he failed to get a reduced price, he anonymously informed the assistant commissioner, who raided the shop and confiscated a large amount of substandard beverages. As a consequence, the supplier had to suffer the loss of PKR 20,000.

Family and friendship ties with government officials are also regulated by the possibility of sanctions if an official fails to protect traders' interests. The local food inspector mentioned in Table 7.8 reduced the penalty of a violator in order to protect family ties with his maternal uncle. As the inspector stated: "When I looked at [my uncle], he said, 'I will be embarrassed in front of my friend – I've never asked you for any favours but I don't want to go disappointed from your house.' Thus, I had to do it for him because I did not want our family ties to be affected" (Ijaz interview, 15 August 2016). Protecting social ties also forces political leaders and government officials to help the violators of

laws. For instance, the UC mayor of a village neighbouring Batkhela failed to help his friend deal with a penalty against expired confectionery. The confectioner cut off ties with the mayor. Explaining the event, the mayor stated: "You might have done 99 favours, including those that destroy your world and the hereafter, but if you fail to do one, your friendship is gone" (Zahir interview, 16 August 2016). This is not an exception but a rule.

Loss aversion is not, however, the only sanctioning mechanism. Creating future obligations for achieving personal objectives also results in the development of reciprocal relationships. Traders involved in the sale of counterfeit goods and contraband cultivate bribe-based ties with local inspectors and with officials who have access to the forensic laboratories. The ties with the local government officials protect them from inspections, while those with the laboratory officials are deployed only if the local ties fail or if the local officials cannot be bribed. The continuation of these ties depends on the flow of mutual benefits whereby traders receive guarantees of protection against penalties in exchange for money or gifts. The failure of government officials to fulfil their obligations damages these ties, unless a credible justification for the failure is provided. In one instance, a government official imposed a penalty on a grocery wholesaler for violating price regulations. Instead of paying the penalty, the wholesaler offered a bribe in an attempt to establish a mutually beneficial connection. As the grocery wholesaler recalls: "I told him, 'I will not pay this penalty, but if you come to my place, I will pay you PKR 1,000 without any reason.' He came the next day, and apologised for his act" (Zafar interview, 11 August 2016). However, on another occasion, adulterated tea was confiscated from Zafar's shop. This time, the official failed to protect him from a penalty, and Zafar not only cut off ties with the official, but also used his networks to pay a bribe to alter the forensic test report.

The payment of bribes to alter results in the forensic laboratory in Peshawar and the use of intercession through political actors involves a third party. These mediated exchange relationships create obligations between directly related nodes in the network. For instance, if a concession is granted by a bureaucrat in relation to a minor offence by a street vendor, the concession creates obligations not for the street vendor, but for the political actor on whose request the concession was granted (Lindholm, 1982, p. 123). In this process, the authority granting the concession invests in his relationship with the political actor, while the political actor who acted as mediator expects that the street vendor or a shopkeeper will return the favour in the future. In most of these cases, the seeker and provider of the favour are strangers. Box 7.1 presents an example in which the personal ties between an elected local government official (politician) and a senior administrative official (administrative

official) were affected when the former attempted to extract concessions for some street vendors but failed.

Box 7.1: Reciprocity in mediated exchange: Implications for the ties of intermediaries

In this example of intercession, traders were the potential recipients, the politician was the mediator, and the administrative official was the potential benefactor, as he controlled the resource valued by both the potential recipients and the mediator. The politician and administrative official had close ties, developed prior to the posting of administrative official to Batkhela. The traders asked the politician to intercede for them to acquire concessions in a penalty imposed for violating health and quality regulations. In the meantime, the politician was invited for tea by the administrative official at his official residence. While waiting for the tea, the politician asked the administrative official to undo the penalty against the traders, but the request was rejected. In reaction, the politician not only left the official's house without having the tea, but personally submitted the fine for the traders in the office of the administrative official the following day. As the politician stated: "I handed over the papers to him and pretended we did not know each other. Then he [the administrative official] said, 'I know that you're upset over yesterday's incident. Let's have a cup of tea together.' I replied, 'You know that these poor vendors cannot pay PKR 5,000. And leaving that aside, you did not respect our relationship (*taaluq*)'." In this typical instance of mediated exchange for reducing penalties, the traders (potential recipients) and administrative official (potential benefactor) did not have any direct relationship. Instead, the relationship was mediated by the politician, who was the interceder and directly connected to both sides. The administrative official's rejection of the request affected his ties with the politician. However, the politician saved his relationship with the traders by submitting the penalties on their behalf. If the traders had not been helped, their trust in the politician would have been diminished. This suggests firstly that, in mediated exchange relationships, the mediator's ties to the exchange parties are affected; and secondly that the mediator attempts to preserves his ties with the potential recipients if the potential benefactor fails to fulfil expectations. Failure by the mediator erodes trust in his capacity.

Source: Interviews with Kalimullah (politician) and Shabeer (administrative official)

Apart from the networks that connect traders to the forensic laboratory, the terms of return in mediated exchange relationships are usually unstipulated, and a favour need not be returned in a specific time-frame (Sahlins, 1972, pp. 193-194). As in the example shown in Box 7.1, government officials may expect cooperation from political actors in the future, and political actors may expect votes from street vendors in local government or BU elections. Explaining the underlying motives of his decision to intercede for the traders, the elected local government official stated: "Not all of them are from my constituency. There will be hardly 60 or 80 business owners from my constituency. However, I am a trader as well, and I used those ties to support our party's candidate in the BU elections. If I want

the support of these people again in the next elections of the BU, I will have to do this" (Khalilullah interview, 3 September 2016). Regardless of how an exchange process is initiated, the acts of favour by a benefactor are dictated by his intent to create deferred obligations in the future (Sahlins, 1972, pp. 193-194). The role of reciprocity in governing networks of multiple types that shape bazaar governance is summarised in Table 7.11.

Table 7.11: Reciprocity as a governing mechanism for networks

Case details/ Type of request	Expectations of request initiator	Motives of benefit provider	Sanction against defector
Small trader expects from large trader	Protection against the cost of penalty	Development of trusted-durable economic exchange	Cutting off business ties and spreading negative word
Large trader expects from small trader	Increased number of permanent customers	Development of trust and durable economic exchange	Cutting off business ties
Trader expects from political actor	Intercession to reduce or omit penalty	Seeking support in rallies and votes in the next election	Shifting support to another actor
Political actor expects from trader	Development of reputation and increasing support-base	Increasing the numbers of political clients	Withdrawing support
Friend expects from friend	Fulfilling past obligations or creating future ones	Maintaining friendship ties	Cutting off friendship ties

Source: Interview data and field notes

A few key findings emerge from this section. Firstly, an agent will seek to avoid the sanctions identified in Table 7.11, unless the costs of cooperation exceed its returns. As noted in Section 6.3.2, trust in the intention of the benefactor to help also plays a key role in shaping the recipient's decision to apply sanctions. Secondly, in addition to pecuniary gains, actors, especially political actors and large traders, aim to develop resources such as increased power, reputation and prestige through these exchanges, as the motives shown in Table 7.11 suggest. Thirdly, cutting off ties, shifting one's trust to the benefactor's competitors, reminding an agent of his failure in front of others, and spreading negative word about a person are powerful social sanctions that ensure the continuity of mutual exchange relationships. Finally, the structure of the networks is governed by the structure of reciprocity that is indicative of the "win-stay, lose-shift" behaviour of agents (see Table 7.11, Column 4). In summary, giving benefits in return for benefits generates structures of relationships across various fields, and these relational networks are governed by the structure of reciprocity.

These findings further suggest not only that economic relationships are embedded in social relationships (Granovetter, 1985), but also that economic exchange leads to the development of social networks that are governed by the structure of reciprocity (Molm,

2010). This affirms Lawler and Yoon's (1995) theoretical argument that negotiated exchange relationships develop into commitments on the basis of expressive exchange relationships. However, these ties and underlying commitments are affected in cases of an actor's failure to reciprocate. In cases of severe or urgent need, the exchange relationship begins with trust in the benefactor or a third agent to whom the benefactor is connected, whereas in day-to-day economic transactions trust develops gradually to transform economic relationships into reciprocal exchange relationships. For instance, six cases were recorded of pharmacy retailers selling contraband on a permanent basis. These business owners sell these medicines only to trusted customers. A retailer explains: "If an ordinary customer asks, I will simply say that I don't sell Indian drugs. I will sell them only to my trusted customers" (Goher interview, 11 August 2016). These trusted ties are strengthened through reciprocal exchanges in the market, where both the truster and the trustee fulfil their reciprocal obligations.

7.5 Conclusions: Implications of SC for local governance

The analysis of social capital's operation in relation to key regulations for governing price, health and quality standards suggests that weak formal institutions have a significant bearing on how SC operates within the local governance structure (Wacquant, 1998). With regard to the role of SC in the governance of Batkhela bazaar, two major findings emerge. Firstly, in the context of weak formal governance, SC stabilises exchange relationships around price, health and quality standards in the bazaar. However, it has a "dark" side too, in that it promotes intercession and bribes, which in turn add further to the fragility of formal governing mechanisms. It was also found that bonding and bridging ties equally have a "dark" side that facilitates corruption, with negative implications for the enforcement of regulations relating to bazaar governance. However, this does not suggest that individual SC is merely an "obstacle to development" (Levien, 2015): it has a "bright" side too. Overall, SC performs both complementary and substitutive role in relation to weak formal institutions; on aggregate, however, its "dark" side prevails. Employing interpersonal ties to subvert the implementation of regulations is an institutionalised practice in Pakistan: in Batkhela bazaar, in 75% of the instances studied, SC was useful in achieving this end. Four key conclusions are derived from this chapter, as set out in the following four subsections.

7.5.1 Social capital: Stabilising economic exchange relationships

The fragility of state institutions outlined in Section 7.2 in terms of their power to implement regulations leads to social capital taking the place of these institutions. SC stabilises exchange relationships in situations where state institutions are unable to

regulate. In this connection, the underlying roles of trust and reciprocity in structuring the norm of holding suppliers responsible for the price and quality of goods is an eminent example. Compliance with these norms stabilises ties between agents, while deviation from them invites sanctions (as shown in Table 7.11). Ties between business owners and their customers are also governed by this principle. Most business owners believe that customers will not complain to government offices about high prices or low quality, but rather will share their concerns directly with the business owner who is responsible for satisfying the customer. Family, friendship or regular economic ties are the forms of individual networks that facilitate trust and reciprocity in stabilising economic exchanges between business owners and their customers.

7.5.2 Social capital and intercession: An impediment to better governance

While social capital stabilises exchanges in the economic realm in the absence of effective formal institutions, it has a "dark" side too. As demonstrated in Section 7.3, various forms of networks facilitate intercession. Consequently, this situation has encouraged business owners to violate regulations relating to price, health and quality standards. The norms of trust and reciprocity stabilise cooperation around the violation of regulations. The embeddedness of a series of relationships in Batkhela bazaar does not just provide traders with multiple channels for intercession; it also limits the capacity of government officials to implement regulations. Interviews with government officials reveal that locally appointed officials have greater susceptibility to intercession than officials from other districts. It may be argued that the majority of local officials work in lower positions and are hence more susceptible to social pressure. However, this finding applies equally to executive officials who are responsible for imposing penalties. The majority of high-ranking officials agree that family, friendship and even neighbourhood ties would have an impact on their capacity to enforce regulations if they were posted in their native district.

Table 7.8 illustrates this finding by comparing the cases of two executive officials of the same rank. This comparison suggests that bonding social capital promotes low-level corruption by facilitating intercession at local level. However, consistent with the findings in Section 7.3, Section 7.5.3 demonstrates that bridging ties also affect the implementation of regulations. The difference between bonding and bridging ties, in the context of Batkhela bazaar, is that the latter are more instrumental in channelling bribes and therefore have more adverse ramifications for local governance. Bonding ties, however, limit the capacity of government officials to enforce regulations.

7.5.3 Bridging ties and bribes: Implications for governance

Bridging interpersonal networks embedded in the economic field have a major capacity to affect the implementation of the law in cases of serious offences. Instances where samples of goods are collected from traders for forensic testing involve severe offences. The role of bridging ties in relation to this process has adverse implications for local governance. Bridging networks can frustrate even the most rigorous cooperation between local political leaders and bureaucracy (and such well-intentioned cooperation between the local administration and political leaders is rare). The severity of offences in this category ranges from using low-level ingredients in the production of goods to the sale of fake life-saving drugs. The latter may result even in the loss of human lives. Row 3 of Table 7.5 presents an example of a pharmacy owner whose act of selling contraband had led to such an outcome. Even before these samples are dispatched for forensic tests, intercession through friendship or political networks may affect the outcomes, depending on the interceder's capacity to influence the official at local level. Wary of damage to their reputations, local politicians are careful in interceding in such extreme cases. Nevertheless, instances of political intercession were observed. These intercessions were unsuccessful because administrative officials are generally inflexible in such instances. However, despite the administration's inflexibility, economic networks can affect the implementation of regulations in these cases. Eleven instances were recorded in the food and pharmacy sectors in which economic networks hindered the implementation of regulations (see Table 7.3). These networks facilitated the channelling of bribes for altering the forensic reports on the samples. In five of these cases, intercession failed to yield results, while reliance on the bribery channels instead of intercession was preferred in three cases.

7.5.4 The aggregate impact of bazaar-generated SC on wider local governance

Local political actors, especially elected officials, are key players in the dynamics of bazaar governance. As an outcome of relational changes between the bazaar and local politics, the bazaar has acquired significance in the power play within the political field, and also between the political and administrative fields. This significance has also increased the political responsiveness of local political actors, who exert greater influence on the implementation of regulations in favour of traders, in return for patronising bazaar politics. Negotiating concessions in penalties for an individual business owner or on the initiative of the BU's cabinet members is crucial for political actors in order to acquire support from the bazaar. These networks are most helpful for those business owners who lack economic or social capital (see Section 7.3.2). Thus, the participatory governance structure is shaped by power-dependence relationships in which political actors require the

support of the business owners in the bazaar (and voters in general), the administration seeks cooperation with political actors because of the latter's proximity to the community, and the poor business owners in the bazaar require political actors to negotiate on penalties with administrative offices. This suggests the development of a structure of reciprocity that offers a voice to the poor, while this power-dependence relationship affects the implementation of regulations. Table 7.6 demonstrated the significance of political actors for the poor and the negative implications of this SC for the everyday governance of the bazaar by formal institutions. These findings generally agree with Treisman (2002), who found that the greater the number of public officials employed at local level, the greater the level of corruption, owing to the greater proximity between citizens and their representatives at subnational level.

This raises another significant question: if individual networks generated by the bazaar have a "dark" side for local governance and the implementation of regulations, does this SC have a "bright" side too? And if so, what makes the outcomes of SC good or bad? It is assumed that the motives behind its use and the structures which underpin these motives determines its "dark" or "bright" side for local governance. This assumption is put to the test in the following chapter, which explores the role of traders' networks in the provision of welfare services and the implications for ineffective formal institutions. The question of motives as a determining factor also raises again the interplay between individual and associational SC in the bazaar-local governance interrelationship.

Chapter 8 - The role of Batkhela bazaar in the governance of social welfare provision

8.1 Introduction

In the delivery of social assistance in Pakistan, social welfare associations (SWAs) perform a key role because of the ineffectiveness of local government (LG) in the provision of welfare services. However, the role of SWAs is limited by their inability to generate the necessary resources, as a result of an absence of trust in these organisations, as most of them are poorly run and are corrupt, and often do not deliver what they promise. For this reason, most SWAs are inactive, and those that are active are often ineffective. Against this background, bazaars in general, and Batkhela bazaar in particular, perform an important role not just by providing resources, but more critically through the operation of interpersonal ties rooted within the bazaar, a role that is central to whether the SWAs function with any degree of effectiveness.

This chapter explores this area of local governance through a particular area of social welfare provision: the provision of education for vulnerable children. It also assesses the relationship between this provision and the social capital and resources generated by Batkhela bazaar. Three factors have led to the decision to focus on this specific area of social welfare provision. Firstly, education in general, and that of vulnerable children in particular, is historically a key area of the activities of the non-profit sector in South Asia (Iqbal, Khan and Javed, 2004, pp. 13-14). At present, the majority of active NGOs and SWAs focus on educational activities of various kind (Ghaus-Pasha, Jamal and Iqbal, 2002; Bano, 2007, p. 6). Secondly, in the context of Malakand District, education for vulnerable children provides a glaring example of ineffective local government. Thirdly, the ongoing provision of this particular service by the SWAs in Malakand District would be unlikely without the social and financial capital generated by Batkhela bazaar.

In the remainder of this chapter, Section 8.2 looks at the ineffectiveness of LG institutions in the provision of social welfare in Pakistan, the role of SWAs in filling the void created by these weak institutions, and the role of the bazaar as a resource for SWAs to realise this objective. Section 8.3 explores the role of the interpersonal networks rooted in the social structure of the bazaar's economy in enabling SWAs to perform their service provision goals. Section 8.4 demonstrates that the operation of these networks and the SWAs that benefit from them are regulated by norms of trust and reciprocity, and shows that compliance with these informal governance mechanisms is a fundamental determinant of the SWAs' capacity to benefit from the resources that bazaars generate. Section 8.5 concludes the chapter by setting out the implications of bazaar-generated SC for the

SWAs' activities and the role of the bazaar in the wider local governance structure; and by reflecting on the implications for SC theory.

8.2. The local delivery of social welfare services

8.2.1 Local government, social welfare associations and bazaars: The social welfare mix in Pakistan

Local government, social welfare associations and the local economy are the key providers of social assistance in Pakistan. This section demonstrates the interrelationship between these constituent elements of the local governance of social welfare provision, and argues that bazaars in Pakistan are important yet understudied elements of this equation. The level of social welfare provision by the state is sharply out of balance with the need for these services. For instance, 33% of Pakistan's population lives below the poverty line, while government-provided services cover approximately 2-3% of this population. The social welfare programmes that do exist are poorly targeted: between 30 and 33% of the services under the food support and *zakat* programmes respectively are distributed among the non-poor.[57] The historical trajectory of LG social welfare provision represents a recurring pattern of failure of both urban and rural community development programmes (Arif and Khan, 1998, p. 113; Quddus, 1989).

Attempts by national government to incorporate community collective actions into the design of local governance have been going on since the late 1950s (Bano, 2007, p. 6). The provision of citizens' community boards (CCBs) in the LG plan of 2000 represents the strongest expression yet of government attempts in this regard. Nevertheless, as Bano (2007) correctly observes, various LG shortcomings have led to a failure to establish fruitful relationships between the state at the local level and community organisations. The government's lack of ability to deal with community participation at the local level, inflexible formal procedures for dealing with voluntary associations, difficulty on the part of citizens in understanding registration procedures, rent-seeking and delays have discouraged the formation of genuine SWAs as an expression of community self-help; while technical departments often emphasise procedures and standards while disregarding the CCBs' capacity to perform activities (ibid., p. 11). This often leads to practices that prevent the development of coordination between district government offices and local community development organisations. Even worse, owing to political patronage, most of

[57] For these statistics and other facts see www.worldbank.org/en/country/pakistan/brief/social-protection-in-pakistan

the CCBs are able to acquire funding for large projects which they lack the technical and physical capacity to deliver (ibid., p. 12), which further erodes trust between government institutions and social welfare associations at grassroots level. “Top-down” measures aimed at improving community participation are rendered ineffective by a lack of political will, the incapacity of the local administration, and the preferences of local bureaucracy embedded in local power relations (Rafique and Khoo, 2018).

Despite the absence of an enabling institutional environment in which grassroots organisations can operate, the experience of CCBs has at least demonstrated that collective action at the grassroots level exists in Pakistan (Kurosaki, 2006). As Kurosaki notes, one of the major causes of the failure of these organisations was their unfamiliarity with technical procedures and their reliance on informal mechanisms (Kirk, 2014). In other words, voluntary associations in Pakistan exist in the informal realm, and rely primarily on resources generated informally through local community relationships (Suleri et al., 2017, p. 14). The reliance of SWAs on community resources as opposed to government welfare departments can be attributed to their familiarity with the strong society and weak state context in Pakistan (Kirk, 2014, p. 20). The key characteristics of this context include the associations’ lack of technical capacity (Kurosaki, 2006); the absence of trust in government institutions, mostly due to their inability to perform their most basic responsibilities (Beall, 1995; Geiser, 2013, p. 172); the political patronage of the associations by the rich (Beall, 1997); the elite capture of most of the development funds provided by government institutions and development agencies (Suleri et al., 2017); and the power asymmetries and conflicts of interests that hinder the associations’ ability to incorporate members of diverse groups (Kirk, 2014, p. 22).

Overall, the governance and development literature on the Malakand region provides an important lesson on the governance landscape of social welfare provision. The state’s ineffectiveness and the insensitivity of donor-funded social welfare projects has led to an environment of distrust towards both the state and the NGOs operating in the region (Geiser, 2013, pp. 171-172; Kirk, 2014, pp. 21-22). However, the role of locally created, self-help voluntary welfare associations has received scant attention in the literature (Suleri et al., 2017, p. 14). Suleri et al. identify certain features of these associations, providing the foundation for the discussion in the rest of this chapter. Membership of these associations is relatively inclusive (although male-only), but decision-making power often lies with influential members. The performance of their functions depends on the contribution of all the community members. However, the SWAs analysed in this chapter differ from Suleri

et al.'s *tanzeems* (associations) in that the SWAs draw their support from the local community, performing long-term activities instead of short-term projects.

A key dimension of the governance of social welfare provision is the role of marketplaces as a resource enabling the SWAs to deliver services. In this connection, two observations were made in Section 5.2.3: that the social welfare dimension of the role of marketplaces in Pakistan is linked to religion; and that this dimension of market life as an element of local governance remains underexplored in the literature. With the exception of Javed (2017), none of the 11 studies on marketplaces in Pakistan explores the role of SWAs in the provision of social services, nor does any of the literature cited in this chapter pay attention to the generation of local resources by community development organisations. It is clear from the work of Amirali (2017, p. 152) that affluent traders are frequent donors to religious initiatives, mosques, Islamic events and religious charities. Javed (2017) points towards a broader role of market traders in the provision of services. For Javed, an important area of bazaar associations' activities is the funding and management of religious institutions around traders' homes or workplaces. Major activities in this connection include donations to mosques, funding for *madrassas* (religious education institutions) and shrines; the provision of meals and rations during Ramadan; the provision of lorry-loads of relief goods during natural calamities or wars; and occasionally financing a dispensary or small school. Most of these activities are performed through NGOs linked to a religious organisation (ibid.). The findings from Batkhela bazaar provide an additional layer of knowledge, demonstrating that traders' donations are not necessarily distributed through religious organisations.

It is therefore clear that bazaars in Pakistan generate financial resources for SWAs that contribute to the provision of social welfare. Furthermore, religion is at the core of all welfare activities in Pakistan (Beall, 1995). However, traders' decisions to cooperate with SWAs in the context of Malakand is underpinned by what Marsden (2005, pp. 7-8) calls "critical engagement" with religion and religious organisation. For instance, as Bano (2009, p. 23) correctly observes, Al-Khidmat (one of the largest social welfare organisations in Pakistan) enjoys "natural access" to religious donations, but it was found by the present study that the group's affiliation with Jamaat-e-Islami is the major cause of the reluctance of non-member traders to cooperate, because they believe that Al-Khidmat uses its welfare activities to further its political objectives. Therefore, religious incentives or an association's religious appeal are insufficient grounds to benefit from the financial resources generated by the bazaar economy unless an SWA or its members possess SC. Within the context characterised by ineffective local government institutions and poorly

performing SWAs, the value of the resources provided by the bazaar increases in terms of social welfare provision. Within this framework, the following section explores the governance structure of social welfare provision in Malakand District.

8.2.2. Local governance of social welfare provision in Malakand District

Local government institutions in Malakand District are ineffective owing to resource constraints and a lack of capacity to implement existing rules. The district social welfare office is responsible for the care of people with disabilities, the elderly, drug addicts, women who have suffered domestic violence, and street beggars, as well as for the education of vulnerable children. The office is mandated to manage rehabilitation centres for each of these categories, but none is active in Malakand District. The only operational facilities in the district are a school for children with hearing and speech impairment and four craft centres for training women, but limited resources affect their effective functioning. For instance, a senior staff member from the school spends two days a week at the district welfare office helping the resource-constrained staff there; and the office itself is located in a building allocated for a women's craft centre, which renders the craft centre dysfunctional (Field note, 3 September 2016). A welfare official explained: "We did not have a building of our own before this – we shared a building behind the hospital, but when this building was constructed for the women's craft centre, we shifted our office here" (Anonymous interview, 11 September 2016).

The inefficiency of the government is a more significant problem than the availability of resources. The ineffective regulation of the SWAs' activities by the district welfare office amplifies the challenges to social welfare provision. This also erodes the prospect of developing synergy between the state and non-state providers of services. At the time the fieldwork for the present research was undertaken, there were 97 registered voluntary social welfare associations in the Malakand District,[58] 47 of which were located in the Batkhela subdivision. Only 10 of these 47 associations were active, and only one of the 10 had any sort of active communication with the district welfare office (Field note, 15 September 2016). The district welfare office can support the activities of small SWAs through grants-in-aid allocated in the annual development budget; however, these SWAs do not apply for the funds for two broad reasons: firstly because of the limited amounts of money available, the cost of applying and the complicated formal procedures involved; and secondly because the role of political patronage in the allocation of the funds erodes the

[58] The registration documents of the district welfare office were accessed on 13 September 2016, and a list containing the names, addresses and phone numbers of SWAs was also provided at the author's request.

SWAs' trust in the office. As a key social welfare official explained: "We receive a very limited number of applications for these funds.[59] This is understandable, because sometimes we are not even aware and an association obtains funds with the help of its political connections" (Sahil interview, 13 September 2016). Owing to the ineffective governance of SWAs, as shown in the example in Box 8.1, many SWAs are registered with the district welfare office and are actively present in social media, but are completely inactive on the ground.

Box 8.1: Example of SWAs as legally and virtually active but entirely inactive on the ground

Praising the social welfare profile of his SWA, an elected Union Council *nazim* recounted more than a dozen instances of helping widows and orphans, and explained his presence on the internet to raise funds from "*Angrezan*" (a colloquial term for Westerners). The *nazim* also reported that his SWA had five paid staff members, including two women, who actively met vulnerable people, prepared feasibility reports and applications for donor-funded projects, and ensured the delivery of projects. He added: "You can come to our office and see most of these things for yourself." He assumed the researcher would have little interest in the operation of his SWA. The next day, when the researcher visited the SWA's office, it was found that the organisation had vacated the building more than six months earlier. Having seen two other SWA offices located in the *hujras* (men's houses) of their founders, it was assumed that the office might be operating in the *hujra* of the *nazim*. However, on the researcher's visit to the *hujra*, he was told by one of the *nazim's* brothers: "Don't look for a thing that does not exist. [The SWA] did not live for more than four months. However, we still tell people that we have this NGO and we perform social welfare activities." This example demonstrates that SWAs alive in the records of the district welfare office, or in the virtual world of the internet, may well be inactive on the ground.

Source: Interviews and field observations

Corruption is only one of the factors explaining why local officials do not attempt to develop any form of coordination with SWAs for the provision of services. Interviews with two successive district welfare officers revealed that they had never reached out to any SWAs. Most of the encounters between the district welfare office and SWA members occur at the time of an association's registration or if an association applies for a grant-in-aid (which is rare). On the other hand, SWAs frequently seek the support of key district officials by inviting them to their fund-raising and charity distribution functions. The officials do not participate unless personal or political connections exist between them and

[59] On another occasion the same official stated: "We receive only two or three applications from these associations" (Interview, 13 September 2016).

the members of SWA. The underlying philosophy of the government's policy of social welfare provision is to support SWAs because the government alone cannot provide welfare services (Ghaus-Pasha and Iqbal, 2002, p. 884). The existing governance practices of government in the delivery of social welfare provision stand in contradiction to this philosophy. Therefore, the local government in Malakand is unable to develop fruitful synergy with the SWAs.

SWAs in the Malakand District can broadly be categorised as either active or inactive. Inactive SWAs are in the majority in the district. The underlying motive of their establishment and registration was to benefit from developmental funds provided by national and international donor agencies. As an official in the social welfare office explained: "Most of these associations are registered with the aim of securing a place for their registration documents in our files. Once they are registered, we never see them again" (Sahil interview, 13 September 2016). In one example of practice regarding the closure of an association, a health SWA established an office in Batkhela bazaar, employed 10 staff members, and secured funding for its first project from an international organisation. However, the founder, who was a pharmacy retailer, closed the organisation five months prior to the project's completion. Explaining his reasons, the founder stated: "I was left with nothing. If I had continued for two more months I would have had to pay out of my own pocket" (Ziad interview, 17 September 2016).

The active SWAs in the district – a minority of the total as noted above – can be classified into four categories in terms of their goals: sports activities, waste management, welfare for disadvantaged groups (widows, the elderly, vulnerable children etc.), and emergency relief services (including blood-donor associations). Most of the active associations in Batkhela *tehsil* (nine out of 10) rely on community resources. A common narrative across these active SWAs is that "the government cannot help because it does not have the resources to perform its own functions" (Furqan interview, 17 September 2016).

Batkhela bazaar serves as an important resource for these active SWAs in the realisation of their service provision objectives. The bazaar's value is underpinned by the Islamic institutions of *zakat* (the Islamic obligation to pay a percentage of income) and other forms of Islamic giving.[60] Every qualifying Muslim is obligated to give away 2.5% of his/her annual surplus income to share God's generosity with the poor (Kochuyt, 2009,

[60] Religious giving with an impact on social welfare can be classified into four categories: *zakat* (applicable to annual surplus income); *sadqat* (alms for earning good deeds); *fitrana* (charity given to the poor and needy at the end of Ramadan); and *awqaf* (religious endowments and trust). The analysis in this study applies to the first two types without making any analytical distinction (see Khan and Arif, 2016).

pp. 100-101).[61] Most of the large traders (30 out of 36) in the data corpus of the present study reported paying *zakat* in Zbarga (the Pashto name for Rajab, the seventh month of the Islamic calendar). The bazaar's value to the SWAs is not only due to Islamic giving: some SWAs, especially sports associations, occasionally benefit from business promotion campaigns sponsored by the traders' multinational and national suppliers. Nevertheless, giving underpinned by Islamic injunctions is a permanent feature of the bazaar's economy, and is utilised by most of the active SWAs for sustaining their long-term service delivery projects, such as the education of vulnerable children. The value of the bazaar in generating *zakat* and its significance for the governance of social welfare provision is by no means overstated here. Government institutions for social assistance also rely on *zakat* to run important agencies such as Pakistan Bait-ul-Mal,[62] a federal welfare agency which is a key source of funds for district welfare offices for the education of vulnerable children throughout the country (Ghaus et al., 2003).

Zakat is an obligation, "an order from God" which all qualifying Muslims are obliged to follow, but agency is actively exercised when an agent decides on the receivers of *zakat*. This socially embedded context of giving and receiving *zakat* and other Islamic donations explains why the incidence of giving is high in Batkhela bazaar, why government agencies and SWAs lack traders' trust and why the interpersonal networks generated by Batkhela bazaar are fundamental to an SWA's ability to benefit from the bazaar's economy. The role of social trust and reciprocity in the dynamics of *zakat* in the Batkhela bazaar is evident from the fact that while making their donations in the name of God, traders do not even trust the religious Jamaat-e-Islami, which runs the largest SWA in Malakand District (Candland, 2000, p. 371). An expression of this can be seen in traders' greater cooperation (both in terms of time and donations) with individuals than with the SWAs, as Table 8.1 demonstrates.

[61] *Nisâb* is the minimum standard that qualifies/obligates a person to pay *zakat*. The rates vary from 1- 10%, depending whether one owns dried fruits, sheep, camel, precious metals or cash. However, the standard rate for financial income is 2.5%; most of the traders in Batkhela bazaar follow this standard when paying *zakat* for the goods they hold in excess of *nisâb* (see Kochuyt, 2009, p. 101, and the references therein).

[62] Shaikh (2015) estimates that *zakat* can produce up to 7% of GDP, which is sufficient for Pakistan's social welfare needs. However, he sees the poor regulation of *zakat* by government institutions, and distrust between individual donors and the institutions, as hurdles in realising this potential. For an overview of literature on the dynamics of *zakat* in Pakistan and other developing countries with state-regulated *zakat*, see also (especially pp.21-23) Shaikh, S.A. 2015. *Zakat* Collectable in OIC countries for poverty alleviation: A primer on empirical estimation. *International Journal of Zakat*, 1(1), pp 17-35.

Table 8.1: Comparison of Batkhela bazaar traders' cooperation with individuals and associations

Traders' responses/ Helped individuals or participated in associations	Yes	No	Gave money only	Volunteered only	Gave money and volunteered	Number of responses	Total responses
Gave help to individuals	84.1%	15.9%	48.3%	9.5%	29.4%	198	200
Cooperated with associations	39.8%	60.2%	26.6%	13.8%	7.4%	198	200

Source: Exploratory survey data

Clearly, the bazaar is an important resource that the SWAs can utilise for their service provision goals. Its economic value for the SWAs lies in the traders' philanthropy, motivated by religious injunctions. However, there are cases when not even the most religious SWAs can benefit from this resource, despite the traders' propensities to contribute to the general good of society. In one instance which illustrates this point, a prominent wholesaler established a medical laboratory with the aim of providing free blood and urine tests for the poor, who are not treated well in government hospitals but cannot afford private clinics. However, the wholesaler quickly closed the laboratory when he discovered that one of the employees was using it to help a prominent blood bank. As the wholesaler explained: "I never wanted my lab to be associated with any NGO. I can work without these NGOs – they are not helping the poor, but promoting their own agenda […] It's not that we [traders] don't want to help. Those of us who want to help cannot find the right platform" (Rehmat Khan interview, 5 September 2016). This latter claim was echoed in interviews with SWA donors and fundraisers. Despite the absence of traders' trust in the SWAs, and the SWAs' awareness of the low-trust environment which they navigate, the continuity and expansion of their service provision activities depends on cooperation from the traders' community.

8.2.3 Selected SWAs and the case of education for vulnerable children

To look in depth into the relation between Batkhela bazaar, the SWAs and local government (LG) in the wider context of local governance, the rest of this chapter considers a specific case: that of education provision for disadvantaged children in Malakand District. The provision of education and support for vulnerable groups is one of the key welfare functions of LG, according to the Khyber Pukhtunkhwa provincial government's rules (2015). However, the complete inactivity of the Malakand District

administration in this regard presents an appropriate example of institutional failure in the provision of social welfare by LG. Moreover, the fact that the SWAs caring for vulnerable children make up the biggest single group of active associations in Batkhela (three out of 10), and given that they rely on the bazaar for support, provides a natural setting for an in-depth insight into the LG-SWA-bazaar interrelationship as an important feature of local governance. To analyse this interrelationship, the operation of three different SWAs and their relationship to Batkhela bazaar, especially in terms of the role of SC, is analysed. This section sets out the SWAs' key characteristics and their relationship to the bazaar. These associations vary in the size, scale and scope of their activities, and in their political outlook.

The three organisations chosen for this close analysis are Al-Khidmat, Safe Actionable Activity for Next Generation Adults (SAANGA) and the Darman Welfare Society (DWS). Al-Khidmat is one of the largest and most organised networks for providing welfare activities in Pakistan. It is the social welfare wing of a fundamentalist religious political party, Jamaat-e-Islami (JI) (Bano, 2009). Al-Khidmat runs many social welfare programmes that are either funded by the central management of the party or by donations collected from its own members (Candland, 2000). The donor base of Al-Khidmat is mainly local (Bano, 2009, p. 23). It runs a programme for orphan support, which provides education, food, shelter and health facilities (ibid., p. 26). In Malakand District, this programme draws on cooperation from local traders, most of whom are not members of Al-Khidmat. In contrast, SAANGA was founded by a foreign-educated government employee from a local landed family, is a small organisation comprised of seven members, and has a single agenda, focused on education for vulnerable children. Like Al-Khidmat's orphan support programme, SAANGA relies on donations raised through the networks of its members. The third group, DWS, was founded by many small traders living in the same neighbourhood, and is larger than SAANGA but much smaller than Al-Khidmat. Its main source of funding is also donations raised through the networks of individual members. The education of vulnerable children is one of its five constitutional objectives. The focus of active SWAs on the education of vulnerable children is a measure of the significance of this problem in the region. Table 8.2 compares these organisations against certain key characteristics relevant to understanding the dynamics of the LG-SWA-bazaar interrelationships in the provision of social welfare in Malakand District.

Table 8.2: Profiling and comparing selected SWAs

Name of organisation/ Key characteristics	Al-Khidmat	SAANGA	Darman Welfare Society (DWS)
Agreement on strategy	United	Fragmented	Fragmented
Political affiliation of members	Single party	Multiple parties	Multiple parties
Membership base (landed/landless class)	Mixed	Mixed	Mixed
Internal heterogeneity (members' socioeconomic status)	Trader earning PKR 50,000 daily vs. unemployed volunteer	Gov't employee with monthly income of PKR 50,000 vs. monthly income of PKR 10,000	Trader with daily income of PKR 10,000 vs. member with no regular income
Past reliance on international donors	No	No	No
Reliance on government funding	No	No	No
Past support from government	Yes (non-financial)	Yes (financial)	No
Registered with government	Societies Act 1960 XXXI	Voluntary Social Welfare Agencies (Registration and Control) Ordinance 1961	Voluntary Social Welfare Agencies (Registration and Control) Ordinance 1961
Collaborative activities with other associations	No	Yes	No
Focus of service provision activities	Orphans' education; blood donations; emergency and relief service; occasional food packages for the poor	Education of vulnerable children only	Education of vulnerable children; food packages for the poor; awareness walks for health/sanitation
Major source of revenue generation	Bazaar	Bazaar	Bazaar
Main strategy for revenue generation	Through personal ties of members	Through personal ties of members	Through personal ties of members
Difficulty acquiring non-member donations	Yes	Yes	Yes
Non-members' distrust of purpose	Yes	Yes	Yes
Scope of projects for vulnerable children	School expenses and monthly allowances for guardians	Schooling expenses and health care	Encouragement/ occasional gifts
Status of projects for vulnerable children	Ongoing, expanding since 2010	Ongoing since 2014 - 2015	Discontinued after first year

Source: Interview data, SWA records and government acts

Despite the variations in size of these SWAs, the differences in the scale and scope of their activities, and their differing outlooks towards international donors, they share certain key characteristics, such as a lack of reliance on local government, reliance on Batkhela bazaar, awareness of non-members' distrust towards their SWA, and difficulty in acquiring cooperation from non-member traders. The non-dependence of SWAs on local government in Malakand District is consistent with the literature on non-profit organisations in Pakistan, which attributes SWAs' lesser reliance on government to ineffective legal procedures and the trust deficit between SWAs and government agencies (Ismail, 2002, pp. 2-4). Therefore, the resource generation strategies of SWAs are targeted at societal resources where the traders' community enjoys the highest priority because it provides the largest pool of resources. Table 8.3 shows that the largest number of SWA donors are traders in the bazaar, suggestive of the bazaar's centrality as a resource for these associations. A more intriguing feature of the donors' profiles is the SWAs' ability to acquire donations from a large number of non-members, notwithstanding traders' distrust in both the abilities and motives of SWAs (see Section 8.4).

Table 8.3: Profile of donors to three SWAs operating in Batkhela bazaar

Donor information/ Name of association	**Total number of donors**	**Donors from same political party as SWA members**	**Donors from other parties**	**Donors from outside the SWA**	**Donors based in the bazaar**	**Strategy for using members' interpersonal networks**
Al-Khidmat	78	24	56	56	62	Listing personal ties of four key members
SAANGA	8	3	5	8	6	Founder/manager meets personal acquaintances in the bazaar
Darman Welfare Society	4	3	1	3	3	Letters with association's letterhead handed out to members asking them to collect donations from personal networks

Source: Records of SWAs, May-September 2016. Note: these donors' profiles are only for activities relating to disadvantaged children.

The numeric dominance of bazaar traders and SWA non-members in the donors' profiles raises a more central problem relating to the role of the bazaar in the governance of social welfare provision through these associations. This requires giving attention to the

role of the bazaar not merely as a generator of economic resource for the SWAs in the performance of their service provision functions, but also as a generator of much-needed SC that is fundamental to the SWAs' ability to benefit from the economic resources that the bazaar economy generates. Here, it is necessary to caution against the seemingly intriguing paradox of the distrust of SWA non-members placed alongside the fact that this group forms a majority in the donors' profiles of these associations. Column 6 in Table 8.3 and Row 12 in Table 8.2 indicate that the SWAs rely on the interpersonal networks of their members to access the economic resources embedded in the social structure of the bazaar's economy. Theoretically, this stands in tension with the theorists of associational SC, whose focus on this aspect leaves them oblivious to the productive role of interpersonal networks for the operation and outcomes of associations. This finding is not generalisable to all associations of the Putnamian type, but to one specific type of association, SWAs (Degli Antoni and Sabatini, 2016). These associations, as the case of education for vulnerable children suggests, distribute resources or provide services for the benefit of the wider community.

The education of vulnerable children represents a significant example of the role of these associations in the governance context of Pakistan, and especially that of the Malakand region. Malakand is among the top 25 districts of Pakistan in terms of educational performance, but the overall governance of education in Pakistan is in a state of national crisis. The delivery of education for vulnerable children (orphaned children in the example studied in this research) is even worse at the national level. In the Education For All (EFA) index, Pakistan ranks 106th out of 113 countries (Alif Ailaan and the Sustainable Development Policy Institute, 2015). The absence of systematic data at any level of government regarding vulnerable children impedes the identification of this vulnerable population. Gathering information about the population and identifying their needs is a prerequisite for effective policy formulation, let alone service delivery. Based on the analysis of the Global Humanitarian Assistance Report (2014) and UNICEF's "The State of the World's Children" reports, Radenkovic (2016) ranks Pakistan 10th out of 11 countries with the highest population of orphans in the world. This classification is unsurprising: most estimates put the orphan population of Pakistan at around 4 million (2% of the total population) (The Nation, 2015).

In Malakand District, both the district education and welfare offices lack any data on the number of orphans. As a key official in the district welfare office stated: "There are many methods to collect these statistics, but I do not have sufficient staff for this purpose" (Sahil interview, 13 September 2016). The district welfare office therefore returns the

funds allocated in the annual development plan for the education of these vulnerable children (Sahil Interview, 13 September 2016). As another district welfare official corroborates: "We request the funds every year from the provincial government, but since we cannot spend those funds, we return them before the end of the financial year" (Interview, 15 September 2016). An insufficient level of staffing is one of the key causes of the inability of the district welfare office to deliver services for vulnerable children. The children's home for orphans in Malakand District has been inactive since 2011 because of a legal stalemate between the home's staff and the ministry of social welfare. The inefficient administration of justice,[63] the under-resourced district welfare office, and a lack of effective policies to deal with the existing situation have translated into the current dormancy of the home. In this context, Batkhela bazaar generates SC enabling the SWAs to fill the void created by resource-constrained and inefficient LG institutions.

8.3 The role of interpersonal networks in the operation of SWAs

The SWAs that operate effectively and are able to expand their operations draw on the strong interpersonal networks of their members. These networks are largely embedded in the social structure of the bazaar's economy. Those SWAs which decide not to rely on the networks, or are unable to do so, fail to expand their operations and even sometimes fail to survive. For instance, five affluent traders established the A-1 welfare association with an explicit commitment not to involve outsiders in the realisation of its objectives.[64] Consequently, the SWA soon lost momentum and its members lost interest in its activities. Another SWA, founded by a young university graduate, relies mainly on funds from an international development agency and has successfully delivered a project on waste-management awareness, as well as working to support deprived people in the community. The major reason for its survival is the international agency's funding, which is channelled through a regional officer who is the maternal uncle of the SWA's founder. This association is unable to generate support from the bazaar because neither its founder nor any of its members have the strong interpersonal ties necessary to facilitate access to the traders' community. As its founder explained: "We have been thinking for the past year about collecting donations from the bazaar, but it is difficult if you do not have personal ties to someone. If I or any of my companions had ties to two or three people in the bazaar, then we could start collecting donations from the bazaar" (Interview, 1 September 2016).

[63] Manifested through the inability of the courts to resolve the disputes between the staff of the orphanage and the provincial social welfare department.

[64] The A-1 welfare association described here should not be confused with the A-1 cricket club, a group of young people who hold sports tournaments in the district with the support of sports goods traders.

Conversely, all three of the SWAs described in detail in the previous section either have traders as their members, or their non-trader members have strong interpersonal ties to traders, facilitating access to the resources generated by the bazaar's economy. In any case, these interpersonal networks may enable the SWAs to enlist cooperation from non-member traders who would otherwise be highly unlikely to cooperate with the associations. Significantly, none of the regular donors to an association in the data corpus of this research was found to be donating to another association at the same time. Referring to one of his friends who is an active member of Al-Khidmat's fund-raising committee, a prominent donor and a strong critic of the group stated: "Who donates to these associations? But if Shair Alam asks me, I cannot say no, because it is all about friendship" (Rehmat Khan interview, 4 September 2016).

Aware of the utility of interpersonal networks for generating resources, each association knows its priority is to capitalise on these networks. Explaining his strategy of reaching out for support from traders in the bazaar, the founder of SAANGA explained: "It depends on one's personal relations" (Ghazali interview, 4 September 2016). The scale of an SWA's service provision activities and its ability to expand its projects depends on the size of the interpersonal networks that its members can effectively mobilise. Comparing the role of interpersonal networks in relation to the scope of SAANGA and Al-Khidmat's projects for vulnerable children, the founder of SAANGA stated: "It is a factor that Al-Khidmat is an association of a well-organised religious political party, but it also has a large number of business owners as its members, who then have various ties to other traders in the bazaar" (Ghazali interview, 4 September 2016). The significance of interpersonal networks is evident in Al-Khidmat's fund-raising strategy. Prominent members of its committee include large traders of good repute and with extensive networks of relationships in the bazaar. As a first step in the fund-raising campaign for vulnerable children, these members generate a common pool of their interpersonal networks, which is subsequently contacted either individually or collectively for donations by these committee members. Table 8.4 demonstrates the centrality of interpersonal networks in shaping the decisions of SWAs members in contacting traders for donations, and the decisions of traders while making donations to SWAs.

Table 8.4: The centrality of interpersonal networks for SWAs

Responses/ Methods of fundraising	Respondents confirming the method of fundraising	Total number of responses	Types of respondents
Reliance on members' interpersonal ties	13	13	Founders/managers and key members
Reliance on non-member donors	13	13	Founders/managers and key members
Requesting donations from strangers	3	13	Founders/managers and key members
Using personal ties as a first preference in requesting donations	13	13	Founders/managers and key members
Non-members do not donate to every SWA	10	10	Non-member donors
Personal ties are a major cause for giving to SWAs	9	10	Non-member donors

Source: Interview data

The findings set out in Table 8.4 concur with those of Kashif, Faisal Jamal and Abdur Rehman (2018, p. 51), who found that operating through personal ties rather than organisations was the first preference of donors in Pakistan. However, Kashif et al.'s interpretation is too narrow to follow beyond this point, as they see a trade-off between interpersonal networks and charity organisations. Furthermore, there is a wider utility to these dyadic relationships, in that they ensure that donations raised in this way are spent in the "right place" and reach the "right people". In contrast to the argument put forward by Kashif et al. (2018), pre-existing or emerging interpersonal ties serve as a resource for charity organisations which would be unable to benefit from the bazaar's economy without these networks (Snow et al., 1986, p. 798, cited in Schervish and Havens, 1997, p. 240). In this sense, traders' donations are also not a mere display of their generosity for the accumulation of political capital, as Amirali (2017, pp. 314-315) concluded in the agricultural market of Okara, Punjab.[65] This goes beyond the existing understanding of marketplace relations with SWAs, in which traders are viewed as important committee members of NGOs and community organisations that help channel resources from these traders to the poor (Javed, 2017). In Batkhela bazaar, the networks of an SWA member are a necessary structural condition for the effective delivery of the group's service provision goals. Referring to six of his friends and relatives who had donated to an Al-Khidmat's

[65] In her methodological reflections, Amirali says questions regarding Islam and economic life constitute a "major omission" in her work (p. 152). This might have led to a superficial understanding of donors' motives.

fund-raising conference at his request,[66] a key member of the group's programme for vulnerable children explained: "If these [traders] do not cooperate, we will not be able to help these poor people" (Hussain interview, 4 September 2016).

Batkhela bazaar also generates what Pisani (2017, p. 143) calls reputational power. As observed in Table 8.4, members of the SWAs do not reach out to strangers for donations, and neither do donors give to strangers. Nevertheless, reputational power has important structuring effects on an association's capacity to recruit participants and on donors' decisions to cooperate with an SWA in the absence of direct interpersonal ties. For instance, a key member of Al-Khidmat's fund-raising committee and a prominent wholesaler in the bazaar explained: "Even if they don't know me, they will cooperate with me, because my 35 years of life in the bazaar are enough for them to know me and cooperate with my association" (Furqan interview, 7 September 2016). Interviews with SWA members and donors corroborated this finding. In one example, a pharmacy wholesaler who is highly critical of Al-Khidmat's political bias donated PKR 50,000 to its fund for vulnerable children in 2016. The underlying cause of his decision was the reputation of Al-Khidmat's campaigners in the bazaar. As he stated: "Three friends from the bazaar came here. They were respectable people. They told me they had organised the event and they wanted me to attend and contribute as well […] If people like this are involved, I am sure that my money will not be misspent" (Salar interview, 10 September 2016). In contrast, the pharmacy retailer referred to at the beginning of this section, who established his own SWA, was unable to enlist traders' support for his organisation as a result of his poor reputation. Many traders suspected him of using donations for his personal use and thus decided not to cooperate with him. This leads to an examination of the factors that are central to the operation of networks.

8.4 Factors central to the operation of interpersonal networks

The key factors central to the operation of interpersonal and associational networks are trust, reciprocity and reputational power. Together these factors enable an SWA to benefit from the resources embedded in the economy of Batkhela bazaar. These distinct but interrelated elements of the informal governance infrastructure of social welfare provision in Malakand District are central to an SWA's success in drawing on the interpersonal networks of its members. These cognitive dimensions of SC are reflected in agents'

[66] Since 2016, Al-Khidmat has organised an annual donors' conference in Malakand District to raise funds for its orphan support programme. A key feature of this conference is that individual members extensively mobilise their interpersonal networks during the preparation stage.

dispositions, which serve as an ordering principle for making judgements of various kinds, such as participating in an association, cooperating with an SWA because of a specific individual, or not cooperating at all.

8.4.1 The role of interpersonal trust in facilitating SWAs' welfare provision activities

Interpersonal trust plays a central role at each step of the service provision activities of SWAs. The success or failure of an SWA depends on a series of decisions: its own strategy to rely on the interpersonal networks of members, those members' individual decisions to reach out to certain nodes in their networks, donors' decisions to participate in SWA activities where they have pre-existing interpersonal networks, and donors' decisions to continue or end their cooperation. All these decisions entail a certain degree of trust, which stems from agents' familiarity with their trust environment. For instance, all the SWAs are able to generate "thick trust" for holding their members together, but are unable to generate "thin trust". Therefore, the SWAs rely on the interpersonal networks of their members when reaching out to non-members to expand their service provision activities. In this sense, the interpersonal networks contribute to the SWAs' ability to generate a limited degree of "thin trust". However, once trust in an SWA has been mediated by an interpersonal network, the obligation to maintain the trust of the new member or donor rests with the SWA. Table 8.5 demonstrates how trust operates at various stages of an association's fund-raising strategy.

Table 8.5: The role of trust in decisions relating to fund-raising for SWAs

Responses/ Decision type	Role/level of trust	Number of responses	Total responses	Representative quotation
SWA member asks personal network for donation	Prerequisite	9	10	"We formed a four-member committee to gather donations. Each of us gave the names of friends and acquaintances. I gave the names of people I was confident would donate. If I go to someone to ask for donations for Al-Khidmat, I have this confidence that he will donate" (Shahlam [al-Khidmat member] interview, 16 September 2016).
Donor decides to give to an SWA	Low trust in reputation of SWA, high trust in the reputation of members	9	10	"I have neither been with other organisations, nor have any connection with them. I donate to SAANGA because Ghazali is my friend and I know that he spends his own money in that project as well" (Subhan [SAANGA donor] interview, 16 September 2016).
Donor decides to stop or continue giving	SWA's failure to retain trust led to non-cooperation	10	10	"I contributed 100 suits when they were preparing the Eid package for the poor. I was also thinking that I would ask my suppliers for donations. However, the friends demonstrated weakness, therefore I now make my donations direct to the people in my neighbourhood" (Bakhtiar [Darman donor] interview, 14 September 2016).

Source: Interview data

Trust as a fundamental cognitive element of SC stemming from an agent's habitus is linked to the operation of its structural elements (Frederiksen, 2014; Pedrini, Bramanti, Ferri and Minciullo, 2016). A recent study on charitable giving (Khan and Arif, 2016, p. 7), based on data from the Pakistan household survey (2010) reported a high level (86%) of people's donations going to individuals and a very low level (14%) going to organisations like schools, mosques and religious charities: this is also the case in Malakand District, as noted in Table 8.2. This context of a high level of donations to individuals due to intrinsic motivation underpinned by religious obligations, and a low frequency of giving to SWAs, is an outcome of the distrust associated with charity collections by voluntary associations.

This context, characterised by a low level of generalised trust, underscores the primacy of interpersonal trust for the effective operation of the Batkhela SWAs' service provision activities. As a prominent member of DWS put it: "You cannot ask a stranger to

donate: he will treat you like a thief" (Jaffar interview, 16 September 2016). In such low-trust environments, pre-existing trust, embedded in interpersonal networks, serves as an antecedent to the development of trust in associations (Brass, Galaskiewicz, Greve and Tsai, 2004). This suggests that particularised trust and individual reliance on interpersonal networks are not necessarily antithetical to associational SC. Particularised trust embedded in interpersonal networks is not the product of calculative computation, but of what Karpik (2014, p. 30) calls "interpretive frames and discussion processes that include the plurality of the decision criteria".

8.4.2 The role of reciprocity

The role of trust in governing interpersonal networks, which in turn facilitates giving through SWAs, is supplemented by reciprocity. Reciprocity governs these acts of charity, which are both intrinsic, i.e. dictated by religious commandments, and a social norm that regulates the practices of giving and receiving in the context of service provision (Oliver, 2017, pp. 280-81). It is evident from the preceding pages that the welfare mix in the Malakand region comprises religion, state institutions, SWAs and interpersonal networks. Religious reciprocity, or reciprocity with God, structures the traders' motivations for donations and aggregates into the role of the bazaar as a resource for the SWAs. [67] Many traders in Batkhela help the poor to share God's generosity with the poor, to trade with God (*pa karubar ki barakat*), to achieve peace of mind or happiness of heart (*da zra Khwashali*) or to earn good deeds (*sawab gatal di*). However, religious reciprocity is unable to capture the local context of social welfare provision, or the enabling role of interpersonal networks and trust in the SWAs' service provision activities. Therefore, the role of the "religious obligation of the faithful to give" as a foundation for the high frequency of charity by individual traders is recognised; but in the operation of SWAs this section analyses the "social logic of *zakat*" and other Islamic giving (Kochuyt, 2009, pp. 99-101).

Reciprocity in the everyday practice of social welfare provision operates in a triadic fashion. However, unlike Kochuyt's (2009) triad of reciprocity that comprises God,

[67] Kochuyt (2009) offers an extensive treatment of the principle of *zakat* (charity) and the way the triad of reciprocity works between God, rich believers and poor believers. As he argues: "Being Allah's agents on earth (*khalifa*), they have to be generous towards others, just as God is generous to them" (p.101 and the references therein). He argues that *zakat* is "the binding consequence of a reciprocal relation between God and his faithful believers: they give to the needy as God gave to them", and rightly observes that religious reciprocity cannot work in isolation to the social context. However, by conceptualising Islam as an "imagined community" and the Muslim world as stratified between givers and receivers he overlooks the mediating role that individual social relationships can perform in facilitating the groups that collect and distribute donations.

the faithful donor and the poor as recipient and the end user,[68] the role of reciprocity in the triad analysed here governs relationships between the donor, the intermediary that links the SWA with its potential donor, and the SWA as an end recipient. Here, the role of reciprocity is particularly significant in the context of ineffective formal governing mechanisms for the activities of SWAs.

As previously noted, SWAs initiate requests for donations mostly through the interpersonal ties of their members. Requesting donations creates an obligation to give, and receiving donations creates an obligation on the part of recipients to maintain donors' trust. For instance, Shahlam, a pharmacy owner and key member of Al-Khidmat's fund-raising committee, asked a friend for a donation, expecting him to sponsor a child for an entire year. Contrary to Shahlam's expectations, the donor offered PKR 4,000, only 10% of the estimated cost.[69] Under friendship obligations, the donor could not turn down Shahlam's request, despite his unwillingness to donate due to his scepticism about Al-Khidmat's use of donations for its political objectives. The incident disappointed Shahlam, who stated: "If I know that he has the capacity and he fails to cooperate repeatedly, I will think that he cannot be trusted in the future; thus I will reduce contact with him" (Shahlam interview, 15 September 2016). When a connection is established between an SWA and a donor, the durability of this relationship depends on the SWA's ability to ensure that donations are not spent on the SWA's political objectives or the personal use of its members. For example, the DWS's largest donor stopped giving when he discovered that the organisers had begun to use the charity's money to serve their personal needs.

Acts of giving by donors invoke two sets of obligations: one applies to the actor who negotiates the relationship between the SWA and the donor, and the other applies to the SWA as a beneficiary. It should be noted here that an association's failure to maintain donors' trust invites immediate sanctions from the donor against the SWA. However, it does not affect the pre-existing ties between the SWA member and donor. For instance, even though the DWS has been inactive since 2012, one of its key members still receives the same annual donation from a supplier. The former member stated: "[The supplier]

[68] In this way, the structure of reciprocity does not comprise three actors as Kochuyt's enhancement of Mosse's notion of gift and reciprocity suggest. There are five actors, including God, the donor, an SWA member who has personal ties to the donor, the SWA itself, and the beneficiaries of the SWA. The role of beneficiaries was not explored in the present study's fieldwork, a serious omission which be developed in future research.

[69] Al-Khidmat's orphan support programme calculates a child's expenses for a year, including schooling and allowances for the child's guardian. At the time of the fieldwork, the total annual cost was PKR 36,000.

knows me, not the DWS – that's why he still gives me the donations to spend in my neighbourhood" (Arsalan interview, 18 September 2016). In contrast, another DWS donor immediately disengaged when he discovered the lack of transparency in the association's handling of donations. As he explained: "I contributed 100 suits when they were preparing the Eid package for the poor. I was also thinking that I would ask my suppliers to donate to it. However, the friends [members of DWS] demonstrated weakness, therefore I now make my donations direct to the people in my neighbourhood" (Bakhtiar interview, 14 September 2016). In this case, the personal ties between the donor and the DWS member who negotiated the donation for his association remained unscathed.

Reciprocity, as a social norm and a relational process, stabilises social exchanges in the unstable environment of cooperation with the SWAs. However, the operation of reciprocity as a sanctioning mechanism evolves at different levels, initiating from the act of giving, and continuing through its mediation by interpersonal networks from a giver to an SWA. In this process, the power of the giver and recipient is shaped and reshaped as the act of giving evolves from one stage of giving to the other, for example moving from religious obligation to generalised reciprocity and fairness (belief that the trust of the giver will be upheld). These distinct forms of reciprocity are linked to three mechanisms of giving that shape the overall context of donations: firstly, the intrinsic motivations structured by religion that provide the incentives for business owners to donate; secondly, the trust in interpersonal networks that helps in bridging the gap between the SWAs and non-member donors, caused by the SWAs' untrustworthiness; and thirdly, the ability of the SWA to develop and maintain donors' trust once it starts receiving donations. Table 8.6 summarises the order in which these forms of reciprocity and stages of giving are linked to each other, and the role of reciprocity in alleviating exchanges in the context of donations and cooperation with the SWAs. It also shows that reciprocity, as a social norm and a relational process, structures the power of the giver to decides on the act of donating and his ability to punish those who fail to meet his expectations. This implies that the structure of reciprocity shapes an agent's habitus. As a generative mechanism, habitus structures a donor's decision to selectively employ sanctions against the SWA and members with whom he has personal ties.

Table 8.6: Reciprocity as a norm and a relational process

Donation details/ Type of reciprocity	Type of recipient	Motivation to donate	Intermediaries	Giver's power to punish deviator	Mode of sanctioning
Religious: giver expects returns from God, not the beneficiary (Kochuyt, 2009)	Anyone	Intrinsic	No	Absolute	Immediate
Generalised: giver acts in return for a favour received or in hope of a future favour (Sahlins, 1972)	Interpersonal ties	Extrinsic	Yes - personal ties acting as intermediaries	Conditional to the costs of applying sanctions	Delayed
Fairness: recipient is able to maintain giver's trust and disperse donations equitably (Fehr and Gächter, 2002)	No pre-existing connection	Extrinsic	Yes - interpersonal ties	Absolute	Immediate

Source: Author's own elaboration

8.5 Conclusion

The evidence presented in this chapter demonstrates the key role of Batkhela bazaar in local social welfare provision through the extensive use of social networks, and the trust and reciprocity necessary for their functioning, which are strongly embedded within the bazaar. The implications of bazaar-generated SC for local governance are considerable, not least because it ensures that some social welfare provision is in place in the weak state context. However, the nature of this provision is highly uneven, and tends to reflect the interests of the dominant social networks in the bazaar rather than the actual social welfare needs. These implications lead to some key conclusions that are elaborated in the following paragraphs, with further evidence from the case study of education for vulnerable children.

In the provision of education for vulnerable children, the evidence suggests that the government's failure to meet this need is a result of inadequate staff, an absence of statistics on vulnerable children in the district, and lack of concrete planning.[70] These factors are clearly reflected in the district government's inability to employ even the scarce resources available through the annual development plan for the provision of services for

[70] For facilities, capacity and other aspects of and responsibilities for orphanages at district level, see PBM Sweet Home policy (pp. 12-13) available at: www.pbm.gov.pk/downloads/pshpolicy.pdf

vulnerable children. Even worse, the district government is not effectively regulating the SWAs, and neither are government officials attempting to develop fruitful engagement with these local associations, which results in the state's failure to provide an enabling environment for active SWAs to operate (Mansuri and Rao, 2003, p. 47).

This leads to the first conclusion: that in the context of ineffective local LG institutions, SWAs play a key role in the provision of social welfare. For example, four SWAs in Malakand District, with the help of their volunteers, managed to generate partial statistics on the number and types of these vulnerable children. These statistics were mostly generated in the surroundings where these SWAs were located: SAANGA collected statistics in four UC areas (Upper, Middle, Lower Batkhela and Khar), DWS only in a ward in which it was operating, and another SWA in the Dargai *tehsil* of Malakand. Meanwhile Al-Khidmat, with members scattered throughout the district, claimed to have representative statistics for the area as a whole. Together these records account for 2,000 vulnerable children in the district. The role of SWAs extends beyond locating vulnerable children in the district. As Table 8.6 demonstrates, SWAs are the only provider of services for these vulnerable children in the absence of effective government institutions. Doubtless, the services provided by SWAs vary widely in their quality and frequency. However, their ability to operate in the vacuum created by weak LG institutions depends primarily on the economic and social capital generated by Batkhela bazaar.

Table 8.7: Aggregate impact of bazaar-generated SC for education provision for vulnerable children

Unofficial statistics for vulnerable children in the district	**Number of vulnerable children supported by district welfare office in 2016**	**Number of vulnerable children supported by SWAs in 2016**	**Main source of SWA funding for the education of vulnerable children**	**Main SWA methods of generating funds**
2,000	0	220	Donations from individuals in the community, mainly business owners	Using personal ties of key members

Source: Interview data and official records of district welfare office and SWAs

Owing to the economic and social capital generation that is fundamental to the operation and expansion of SWA's service provision activities, Batkhela bazaar is a key element of the local governance structure. Members of both large and small SWAs acknowledge that the survival and expansion of their projects for vulnerable children are contingent on traders' donations. As the founder of SAANGA explained: "If these people had not cooperated, we might not have helped those children" (Ziad interview, 17 September 2016). Therefore, SWAs strive to preserve donors' trust in order to ensure the

continuity of their activities. The centrality of traders' cooperation for the survival of their projects was summed up by a key member of Al-Khidmat's fund-raising committee when he stated: "If people stop donating, running this programme will be very difficult if not impossible" (Hussain interview, 4 September 2016). Despite this value of Batkhela bazaar as a resource in economic terms, the evidence in Section 8.3 suggest that SWAs cannot benefit from this resource unless their access is facilitated by the social networks embedded in the bazaar. The quality and size of networks that the member of an SWA can mobilise determine its capacity to untap the resources generated by the bazaar's economy.

Fundamental to the operation of these networks is the role of trust, reciprocity and social obligations that operate as informal regulatory mechanisms. Regardless of the intrinsic and extrinsic motives involved, the individual actions of SWA members and their collective strategies are guided by informal sanctioning mechanisms that regulate bazaar-SWA relations. Compliance with these informal governing mechanisms determines the success of an SWA in benefiting from the bazaar's economic and social resources. For example, the DWS not only lost its donors but also disintegrated when it breached donors' trust and generated internal conflicts. This principle applies not only to SWAs: individual behaviours are also dictated by the rules of this informal governance structure. For instance, a wholesaler asked some of his friends in the bazaar to help a female *madrassa* (religious education school) pay its rent.[71] His friends refused the request because the *madrassa* was renting the trader's personal property and he was affluent enough to waive the rent. The wholesaler stated: "They told me, 'You earn more than us, and this is your own property. Why don't you waive the rent instead of helping them by collecting donations?'" (Salar interview, 10 September 2016). In this sense, the bazaar emerges as an alternative governance space for social welfare provision that provides economic capital, social capital essential to accessing economic capital, and regulatory mechanisms for utilising that capital. Although the type of services to which the bazaar contributes is entirely contextual (Hüwelmeier , 2013; González-Torre et al., 2016; Watson, 2009), the reliance of NGOs and SWAs on bazaars for a variety of services in varying contexts reinforces their resourceful value for the governance of social welfare provision.

The findings of this chapter also have implications for SC theory. Firstly, they demonstrate that interpersonal networks are not necessarily antithetical to associational SC. In a context where SWAs do not enjoy the community's trust, the interpersonal networks

[71] This wholesaler is one of the founding members of the A-1 welfare association mentioned earlier in this chapter.

of their members are a necessary structural condition for the SWAs to generate community cooperation for realising their service provision goals. In such contexts, the SWAs' ability to increase their membership or acquire cooperation from non-members is limited. Here, interpersonal networks and interpersonal trust facilitate their access to both the tangible and intangible resources of the community. Finally, in a context where SWAs' access to donations is mediated through interpersonal ties, trust and reciprocity are key relational processes that govern various stages of cooperation. Specifically, the SWAs play a second-order role in the generation of trust. This means that the cooperation within interpersonal ties (e.g. between a donor and the mediator of the donation) is more stable than that between a donor and an organisation. Therefore, the interpersonal networks of SWA members are a primary resource for generating social and economic capital to facilitate service provision activities of these associations.

Chapter 9 – An originator of local social capital: The bazaar as an alternative governance space

9.1 Introduction

The key theoretical contributions of this study to understanding the role of marketplaces as an element of local governance due to their SC generation are highlighted in this chapter. Overall, this study makes three important contributions to the knowledge regarding the role of SC in local governance, as a product of the evolving role of bazaars as an element of the local governance structure. Firstly, bazaars as a field of power evolve in the local governance structure and influence the processes of representation, the implementation of regulations, and social welfare provision, which are the key functions of local government in any developing state. Secondly, bazaars influence these processes by generating SC, which itself evolves as an outcome of the dynamic interplay between evolving state institutions and the social structure of the local economy. Thirdly, within this context, SC is embedded in local power relations that are dynamic and fluid. This context-dependent evolution has two major implications for SC theory, and for the role of SC in local governance. Firstly, bazaars generate both individual and associational SC, and viewing these forms of SC as binaries is incorrect. Secondly, neither form (individual or associational) of SC has a normatively "dark" or "bright" side: the context in which either of these forms is used, and the purpose underlying their use, determines their negative or positive outcomes for local governance (Edwards and Foley, 1998; Van Deth and Zmerli, 2009; Portes, 1998; Lin, 2008; Hsung et al., 2009).

In this chapter, Section 9.2 looks at the role of the bazaar as an evolving field of power and the implications of its evolution for its relationship to other fields in the local governance structure. Section 9.3 explores the interrelationship between the individual and associational SC generated by the bazaar, and the implications of these two forms of SC for the local governance structure. Section 9.4 contends that the foundations of the concepts of bonding and bridging SC are weak, and are built on misconceptions that result in viewing these categories as binaries. This misconception also pits interpersonal against associational SC. Viewing associations as inherent with internal inequalities as opposed to a unified whole, comprised of the totality of networks that agents produce, may help dissipate some of these misconceptions. Section 9.5 summarises the theoretical implications of this study for trust and reciprocity as elements of SC, and their theoretical linkages to the concept of habitus; Section 9.6 presents the aggregate impact of bazaar-generated SC for local governance; and Section 9.7 sets out the conclusions.

9.2 Evolving marketplace-local government relations in the weak state context

A key finding that recurs throughout the empirical analysis is the weakness of the state as a field of power. The state is ineffective in the enforcement of regulations, in the provision of social services, and in offering equal opportunities for participation and access to state institutions. Although the state enjoys legitimacy and a monopoly over coercive power, this power is exercised in the local social structure, and the state is not as "disembedded" and "powerful" as Bourdieu (1994) argues (Schinkel, 2015, p. 216). However, this weakness in Bourdieu's field theory does not empirically support the theoretical arguments in favour of its inapplicability to developing states (see W.R. Scott, 2013, pp. 266-267, for more on the argument that Bourdieu's notion of the state as a meta-field is inapplicable to the developing state context). The state's powers are dependent on the local social structures and informal institutions that allow other fields of power and actors within those fields to exert influence over state functions (Steinmetz, 2008, p. 598; Stokke and Selboe, 2009, pp. 72-73).

Despite this weakness in Bourdieu's conception of the state as a meta-field, it has certain merits for the study of decentralised local governance. It allows an understanding of the evolution of the bazaar as a field of power and its evolving influence vis-à-vis formal governance structures, i.e. the elected and bureaucratic spheres of governance. Bourdieu (2012, pp. 186-187) identifies two conceptions of the state: firstly as an administration and ensemble of institutions, and secondly as a national territory and the ensemble of its citizens. Bourdieu emphasises that the state in the first sense is produced as it produces the state in the second sense (ibid., pp. 197-199). State institutions, together with informal governance institutions, constitute the organisational field, or what DiMaggio and Powell (1991, p. 64). call "a recognised area of institutional life". These fields, including the state, are not autonomous in the absolute sense of the term (Emirbayer and Johnson, 2008, p. 2). Instead, they are inculcated in an agent's habitus that constitutes and is constitutive of interactions between fields. It is this structure of positions and dispositions that explains citizens' relationships to the political and administrative structures. From this standpoint, the state is not a static element of the SC-local governance relationship: it produces SC as much as it is produced by it. Situating Bourdieu's notion of SC within this framework also allows the exploration of a dialectical relationship between the state and SC, thus increasing its theoretical purchase over Putnam's and Coleman's notions of SC, which overlook the role of the state as an influencing factor in the operation and outcomes of SC.

9.2.1 The evolution of Batkhela bazaar as a field of power in relation to the political and bureaucratic fields

Over the past six decades, both qualitative and quantitative changes suggest that Batkhela bazaar has evolved as a field of power in relation to the political and bureaucratic fields of governance (Schmitz, Witte and Gengnagel, 2017). The gradual integration of the BU into local politics (see Section 6.2) and the diffusion of friendship, political, economic and acquaintance-based networks (see Section 6.3, Section 7.3 and Box 9.2) are the outcomes of the increase in the size of Batkhela bazaar and in its socioeconomic transformations (Calhoun, 2010).

As an element of the local governance structure, the bazaar has evolved from a closed space of struggle against the domination of the landed class to an open space where interests of various governance actors converge (Gaventa, 2006; Calhoun, 2010). The bazaar has not only developed its own rules of participation and inclusion (see Chapter 6), but has also influenced the terms of engagement within the social space, with implications for the interrelationships between the political, bureaucratic and economic fields (Khan, 2017a). As Gaventa (2006, pp. 31-33) argues, people within a space have better access to the sources of power generated within that space. The increase or decrease in the sources of power within a field define the relationship of this field to other fields in the larger social space.

The increase in the size of Batkhela bazaar has made it an important governance concern for the local administration, while its significance for political actors in the generation of political capital has also substantially increased. Similarly, significant changes have occurred regarding the past strategy by bureaucrats to patronise the local elite in order to control the local population – a designed act that clearly worked to the disadvantage of the excluded traders' community (Hastings and Matthews, 2015, p. 555). Amirali (2017, pp. 283-284) notes a growing sense of powerlessness among administrative officials due to institutional reforms in the LG structure and the alignment of interests between political representatives and the traders' community. In Malakand District, officials, besides avoiding antagonising their political patrons, offer incentives to the BU to avert its slide into the hands of opposing political forces. Patronising the BU is a significant element of the administration's informal strategy. At the empirical level, this shift in local power relations due to the bazaar's evolution as a field of power is summarised in Table 9.1.

Table 9.1: The evolution of Batkhela bazaar as a field of power

Period/ Batkhela bazaar's evolutionary dimensions	**Pre-1970**	**2016**
Size of the bazaar	Around 20 shops	5,500 shops
Percentage of business owners from landed class	5%	35-40%
Mode of access to state institutions	Through elders of the landed elite	Through personal ties, BU, or political networks
Number of sub-associations in the bazaar	0	7 trade specific, 22 market specific
Political inclusion/exclusion of traders' community	Marginal element in local politics	Important element of local politics
Role of bazaar in local economy	Negligible	Major source of employment and capital generation in the district
Ties between business owners and landed elite	Patron-client; landlord-tenant	Friendship, political and economic ties along with traditional patron-client ties

Source: Interview data and field notes

As a public space, the bazaar is not a neutral container of power filled with internal power relations. Its power has penetrated into the political and administrative fields where it exerts ever greater influence (see Sections 6.5, 7.5 and 8.4). This confirms Schmitz et al.'s (2017) contention that understanding a field and its influence over other fields of power requires a relational understanding of their evolution (Fligstein and McAdam, 2016). The habitus of agents such as traders is shaped not only by the distribution of capital relevant to the bazaar, but also by their embeddedness in and position in the other fields (Schmitz et al., 2017, p. 66). Using the evolving relationship between the bazaar and the local governance structure as a starting point, this thesis has demonstrated the impact of changing distributions of capitals on the relational configuration between fields, and their respective relationships to the field of power (state) within the social space. The increased political agency of traders (Gillespie, 2016), the reconfiguration of the distribution of economic capital, and the differentiated abilities of agents to access state institutions, have influenced the bazaar's relationships to the political and bureaucratic fields. Social and symbolic capital are the major mechanisms that connect the bazaar with the other fields within the social space. However, evaluating the role of SC across the spheres of governance is incomplete unless the evolving power relations in these spheres are considered (Christoforou, 2014a, 2014b).

9.2.2 The evolution of the political and bureaucratic fields and its implications for bazaar governance

The evolved governance structure of Malakand District and a shift in bureaucracy-elite relations have impacted on the SC development and utilisation processes in the local

governance structure. Unlike in the past, society in the Malakand region is decentralised (see Section 5.3). The local administration no longer formally controls local population through the elite (Giustozi, 2013), and as an outcome of decentralised local governance, the relationships between the bureaucratic and elected aspects of local government can be adversarial (Cheema and Mohmand, 2006).[72] The increased role of Batkhela bazaar within these governance spaces – where bureaucracy tends to patronise the BU and political actors seek control over its election and decision-making – forms the relational context of local governance. The traditional patterns of interdependence between bureaucracy and the local political elite are still there, but unlike in the past, they are informal. The power of the political elite resides in the local population, while bureaucracy represents the interests of the provincial government. The evolution of the bazaar within this power-dependence between the political and bureaucratic fields shapes agents' habitus, which represents their understanding of the decentralised governance context (Faguet, 2015). To understand the role of the bazaar and its implications for SC formation and use in local governance, Table 9.2 summarises the evolution of inter-organisational relations, especially between the representative and administrative components of the LG structure.

Table 9.2: Evolution of the governance structure: Political and bureaucratic fields

Field/ Period	**Political field**	**Bureaucratic field**	**Pattern of interaction between the two**
Pre-1970	Land-holding a major determinant of political power; less concern for votes; no decentralised local government	Administrator (political agent) sole representative of central government; less prone to political pressures; interaction with local elite only	Paying allowances to landlords for facilitating governance (state policy)
2016	More followers and better rapport with administration major sources of power; votes and proximity to voters a major concern; decentralised local government	Representative of provincial government; prone to political pressures; interactions not limited to landed elite	Patronage relationships with local political elite (informal governance strategy of officials)

Source: Interview data and field notes

The state and its related apparatus do not generate SC but offer a foundation for its generation and operation (Warner, 2001; Rydin and Pennington, 2000). As Rydin and

[72] For an analytical distinction and historical differentiation and interrelationship between the political and bureaucratic fields, see Wacquant (2005, pp. 6-7, 14-17, 142-146) and Wacquant, LJD, 2005, The mystery of ministry: Pierre Bourdieu and the democratic politics. Cambridge: Polity Press.

Pennington (2000, pp. 155-157) argue, "policy delivery" approaches to the development of SC discount the role of social processes. Furthermore, these approaches are unable to challenge the local social structures characterised by inequality and exclusion (Gaventa, 2006; Cento Bull and Jones, 2006). Therefore, "top-down" approaches to the development of SC are unable to capture the dynamic interplay between fields and the operation of SC across these fields (Rydin and Pennington, 2000). The evolution of Batkhela bazaar is not the outcome of institutional design: rather it is contiguous evolution with the changing forms of LG institutions, resulting in the immersion of traders into the stakes of the power struggle between the political and bureaucratic fields. This has resulted in the empowerment of the traders' community (Bourdieu, 1991, p. 188; Stokke and Selboe, 2009, p. 73).

Equally, the "bottom-up" conceptions inspired by Putnam's (1993) notion play down the role of state institutions, as the literature on institutional design correctly argues. However, in treating SC as an outcome variable, the institutional design literature also plays down its relational character and the "invisible institutions" that influence local governance as a response to change in policy processes (Górriz-Mifsud et al., 2016). Nevertheless, this strand of institutional design literature on SC makes two significant contributions to the understanding of SC in the local governance structure. Firstly, it does not disregard the impact of public policy processes on the development of local networks (both formal and informal). Secondly, it treats SC as embedded in multi-level governance (Ruiu, Seddaiu and Roggero, 2017; Pisani et al., 2017). This indicates bi-directionality between institutional design and local social structures. As Górriz-Mifsud et al. (2016) observe, designing participatory structures may improve participation by marginalised groups, but designing institutions without consideration for pre-existing social structures may backfire in the form of negative implications for local governance.

Putnam (1993, pp. 171-179) is correct in characterising social capital as path-dependent with its contextual variability with respect to northern and southern Italy. However, Putnam plays down the contiguities between social structures and institutional weakness when he views SC as an explanatory variable to economic development and improved institutional performance (Harriss and De Renzio, 1997). Basically, the evolution of political institutions and market development structure the form and role of SC in local governance and development (Trigilia, 2001). Bebbington et al. (2006, p. 6) and Mansuri and Rao (2003, pp. 1-3), in their review of Putnam-inspired World Bank research on SC, highlight the weakness of this approach and point towards Bourdieu as a "missing link" in effectively exploring the link between social capital, institutional

performance and economic development (Christoforou, 2014a). Batkhela bazaar has generated both associational and informal SC which is embedded in the institutional and social structure (Christoforou, 2013). This social capital has implications for various power relations in the local field. The ineffectiveness of formal institutions to perform their functions limits the powers of the state as the meta-field. This results in the increasing role of other institutions such as third sector (see Chapter 8) or informal institutions that are gradually formalised due to their evolving power (Chapter 6). It was found that the bazaar offers incentives for actors across these fields for increased interaction that links these institutions either directly or indirectly to the state, with implications for local governance.

9.2.3 Mapping out the bazaar's connections to various governance institutions

The evolution of Batkhela bazaar has resulted in the development of both formal and informal networks of traders connected to multiple spheres of governance. Table 5.4 provided a summary of various forms of associational membership of traders, which suggests that associational SC can exist or be developed in regions comparable to southern Italy (Pisani et al., 2017, p. 255). Similarly, almost every trader has informal ties with a member of a political party or an SWA that cut across political or associational boundaries. Coleman (1990, pp. 317-318) argues that an agent's capacity to draw benefits ("credit slips") is greatest in a group of which he is a member. However, Coleman is unable to see how cross-cutting intersubjective ties of individuals generate externalities for both the fields (ibid., p. 319). Sections 6.3 and 8.3 of the present study have demonstrated the role of these informal networks in membership-based organisations. Moreover, informal networks enjoy priority over formal SC in that they facilitate the functions of associations.[73] As discussed in Section 6.3, various forms of networks are employed by BU members to achieve collective goals. Although members' political party affiliations facilitate the BU's functions, it was found that the cross-cutting, informal ties of its office-bearers with actors across various fields of power have a greater influence on the BU's structure and functions.

Traders' intersubjective ties and ability to extract benefits for themselves or their group are largely shaped by this objective structure of power, both within the bazaar and within the larger social space (Eloire, 2014). This structure determines both the volume of an agent's social network and the efficiency of his social capital to realise his individual objectives (Levien, 2015). It also determines the utility of an agent's individual SC to

[73] This suggests the dominance of personal over associational ties in Putnamian terms (Putnam, 1993) - a form of social capital that existed in the Italian south (Beall, 1997; Mohmand, 2008).

contribute to collectivity (Burt, 2000). Hence, the bazaar is embedded in other fields through both the associational memberships and intersubjective ties of traders with agents in the political and bureaucratic fields.

These networks are complex and overlap across various organisational and institutional boundaries (Aoki, 2007; Portes, 1998). For instance, Batkhela BU members belong to six political parties.[74] Similarly, the 22% of traders who are members of SWAs (see Table 5.4) belong to any one of six political parties. Furthermore, there are cross-cutting family, friendship and business ties between individuals belonging to different political parties and SWAs. Clearly, the bazaar generates associational SC and facilitates the operation of other associations (political parties and SWAs) through tangible and intangible resources. Cooperation among the members of formal organisations is facilitated by informal networks for the realisation of their objectives (see Box 9.1 for an example).

On one hand, the findings in Chapters 6 and 8 suggest that the bazaar has contributed to the evolving powers of various types of formal associations, while on the other hand they resonate with the conclusions of previous literature on SC in Pakistan that associational SC is weak owing to the hierarchical structures of power (Beall, 1997; Mohmand, 2008). Contrary to Putnam's (1995, 2000) theses on the decline of SC, associational SC is on the rise, while reliance on interpersonal networks is greater than reliance on associational networks (Fischer, 2001, p. 3; Watson, 2009). This suggests that membership-based associations, regardless of their unity of purpose, comprise agents who are endowed with distinct forms and quantities of capital that shape their habitus to act collectively, to use their capital for facilitating collective objectives, or to act against any threat to collective interest (Bourdieu, 1985, pp. 25-27). Contrary to individualistic interpretations of the network perspective, the findings from Batkhela bazaar suggest that interpersonal networks are not always antithetical to the development of associational SC, and may even facilitate its development or at least its functions and its influence over local governance (Krishna, 2002; Molenaers, 2003; Liang, Huang, Lu and Wang, 2015).

[74] The membership breakdown of these parties is as follows. PTI 29.4%; JI 30.4%; PPP 13.2%; ANP 5%; PMLN 2.7%; no political affiliation 20.2%. These figures are derived from the exploratory survey (n=200).

Box 9.1: Example of informal networks facilitating cooperation within weak associations

Zahid, Ibrar Khan and Faqir Khan were members of a single political party (ANP). Zahid and Ibrar were political actors who patronised the BU, while Faqir was a trader seeking election as BU president. Zahid and Ibrar were opposed to each other because of personal rivalry. In the 2013 BU election, Zahid did not support Faqir even though they were both members of the same party: instead Zahid supported a presidential candidate from the opposing party (PPP). Faqir's close friendship with Ibrar, who had a personal rivalry with Zahid, was the main reason for Zahid's support for the opposing side. In the same election, Faqir was actively supported by Ateeq Khan, a notable political leader in Batkhela and district general secretary of the PPP whose candidate was contesting the election against Faqir. Ateeq Khan supported Faqir for two reasons: firstly because of internal friction within his party over nominating a candidate for the BU presidency; and secondly because of his friendship with Faqir. Ateeq Khan, who supported Faqir, had a personal and political rivalry with Ibrar, and both Ateeq and Ibrar belonged to opposing political parties. However, due to their friendship ties to Faqir, they cooperated with him, which facilitated the functions of the BU after Faqir's election as president. This example demonstrates that formal associations are weak due to their internal conflicts; that informal networks cut across various forms of formal SCs, which helps realise both individual and associational objectives; and that the BU as a field of power is embedded in the political field, which has generated cross-cutting ties.

Source: Interview data

9.3 Types of SC generated by Batkhela bazaar?

Batkhela bazaar generates both individual and associational SC (Peña, 1999; Watson, 2009; Dines, 2007; Lyon, 2000). The bazaar economy is also instrumental in facilitating the functions of associations that develop outside the bazaar for purposes other than protecting traders' interests. These processes of social capital formation are significant in that they help trace the continuities and discontinuities in the operation of SC in the local governance processes. By Putnamian standards, SC contributes to economic development; however, empirical analysis of the evolution of Batkhela bazaar suggests that economic development also results in the generation of SC that impacts local governance processes (Varshney, 2001). The increase in the scale and scope of the bazaar's economic activities, and its increased involvement in local politics, have necessitated the development of cross-cutting ties in both the economic and political spheres, rendering traditional forms of solidarity less useful (Trigilia, 2001). Therefore, the alignment and misalignment of interests in various social groups as an outcome of economic development occur (Bourdieu, 2005, Chapter 4). However, associational membership as a measure of social

capital's implications for local governance is not a good indicator. Bazaars generate quotidian forms of associations (Varshney, 2001, p. 370) or less visible forms of SC (Watson, 2009, p. 1,583), which shape the operation and outcomes of formal, membership-based associations. If SC inheres in the structures of relationships, which are essentially dynamic (Coleman, 1990), relational changes within and across these structures shape the formation and outcomes of various forms of SC for various spheres of governance (Bourdieu, 2005; Wacquant, 1998; Pieterse, 2003).

9.3.1 The generation of associational social capital by Batkhela bazaar and its theoretical implications

Batkhela bazaar as an element of local governance is connected to broader governance through two distinct types of associations: interest-based (Olson-type) and voluntary civic (Putnam-type) (Knack and Keefer, 1997). Trades unions (as an example of Olson-type associations) facilitate government interaction with the traders' community, while SWAs (as an example of Putnam-type associations) are a substitute for absent formal institutions in the field of social welfare provision (see Chapters 6 and 8 respectively). The increase in the bazaar's population has made the BU a central attraction for political parties (Grossman, 2016; Goodfellow and Titeca, 2012), while the increasing resources generated by the bazaar's economy have amplified its utility for SWAs (Vermaak, 2017; González-Torre et al., 2016). The evidence relating to these types of associations goes beyond Watson's (2009, pp. 1,589-1,590) reasoning that marketplaces are sites for generating less visible forms of SC. Doubtless they are, but they are also sites for the development of associational SC of their own (Lyons and Snoxell, 2005). The associational SC developed by marketplaces is either in the form of trades unions, or in the support generated for SWAs of various types (González-Torre et al., 2016). This contradicts Brehm and Rahn's (1997, p. 1,017) conclusions, which reject the impact of economic development on civic participation. Furthermore, the findings of Chapter 8 have demonstrated that, in the absence of support from national and international donors for SWAs, the bazaar economy, which is embedded in social and religious institutions, can be effective in averting the decline of local SWAs.

Table 9.3: The role of the bazaar economy in the growth of associational SC

Association details/ Bazaar-generated associations	Number of associations	Names and types of associations
Associations formed by business owners that interact with administration	7	The BU; associations of pharmacy traders; mechanics; fruit traders; vegetable traders; barbers; bakery owners
Associations constituted by or of traders for helping the poor	4	DWS; Blood-donors' association; A-1 welfare association; Al-Khidmat
Membership of business owners in SWAs	6	DWS; Al-Khidmat; SAANGA; A-1 Welfare association; Blood-donor Association; civil Defence
SWAs dependent on donations from non-member business owners	4	Al-Khidmat; SAANGA; DAS; A-1 welfare association
Associations of bazaar-related businesses	2	Transporter's Union; Union of rikshaw drivers
Less-visible/ informal associations	49	Rotating credit-saving associations (27); market-level associations (22)

Source: Interview data and field observations

The changing outlook of the local economy due to the bazaar's development has resulted in a rich associational life (Beall, 1997, cited in Phillips, 2002).[75] This finding has implications for the theory of the marketplace generation of associational SC. The value of traders' associations depends on their dual role: facilitating trading and socialising in the marketplace (Lyons and Snoxell, 2005, p. 1,314). The role of the BU in trade facilitation in Batkhela bazaar is embedded in the structure of power. The utility of its trade facilitation function and the provision of financial support during times of economic crises is contingent on traders' socioeconomic status (ibid.). However, agents trust informal (family, kinship, or lineage) ties; where these ties are absent, neighbourhood is the major organising principle (Beall, 1995). Chapter 6 of the present study has demonstrated that the politics of the BU have resulted in the development of cross-cutting networks across socioeconomic and political lines on one hand, and between the bazaar and local politics on the other (Varshney, 2001, p. 384). Traders' associations cannot be termed as welfare associations, as Lyons and Snoxell (2005, p. 1314) argue: instead, they are interest-based associations for preserving traders' collective interests against the government. In addition, their role is more dependent on the pre-existing social ties generated by the bazaar, rather

[75] 33% of the interviewees reported membership of five associations: the BU, a trade-specific/market association, an SWA, a political party, and a rotating savings association; while 55% reported membership of four associations: the BU, a trade-specific/or market association; a political party; and rotating savings association. These percentages are derived from the 60 qualitative interviews.

than the reverse (Beall, 1995). In short, despite the rise of associational SC, the trust and reciprocity embedded in the informal networks play a dominant role in the everyday governance of the bazaar's life and its embeddedness in local governance through multiple associations.

Two major theoretical outcomes follow. Firstly, the bazaar has generated a wealth of civic engagement, but of an idiosyncratic kind, which cannot be captured by the Putnamian view of associational life owing to the underlying power structures involved (Beall, 1997, pp. 559-560). Furthermore, these associations are often informal, governed by unwritten rules, tacitly understood and interpreted by the traders' community (Fafchamps and Minten, 1999; Lyon, 2002; Porter, Lyon, Adamu and Obafemi, 2010). For instance, membership of Batkhela BU is not formally recorded,[76] nor there is any membership fee: every shopkeeper in the bazaar becomes a BU member and is entitled to its help in dispute resolution, access to state institutions, and help in the event of accidents or emergencies, etc. Secondly, the asymmetric power relations involved lead to the failure of these associations to develop social trust even within them.

This form of SC is clearly helpful in the weak state context for governance and development, but it is more useful for some individuals than for others (Beall, 1997, p. 560). A frequent comment heard in development circles in Pakistan is that civil society and voluntary associations are weak, and the findings of this thesis seems to support this general contention. However, this weakness is due not to the inherent characteristic weakness of social capital, but to the specific structure of power within which it operates (Mohmand, 2008, pp. 385-386). An empirical puzzle in this literature is the absence of voluntary associations owing to the lack of a sense of community in villages (ibid., p. 389), and a "wealth" of associational activities in urban communities, even among the urban poor (Beall, 1995, 1997). Within this context, marketplaces facilitate the process of change in the local economy, from agrarian to market, and from rural to urban. This results in the emergence of associational life, with implications for the traditional hierarchical structures

[76] The only exception to the recording of membership occurred in 2010, when the BU collected detailed information about 2,430 "traders with shutters", in order to issue ID cards to facilitate the mobility of traders across the country, severely affected in the aftermath of the military crises in the region. During fieldwork in 2016, the author observed three instances in which the general secretary of the BU, at the request of the District Commissioner's office, certified whether or not a trading premise existed in the bazaar. Unable to present any systematic record, the general secretary stated: "We have 6,000 traders in the bazaar… when I say 6,000, I am counting the fixed shops with shutters only." He immediately added: "…although the Bazaar Union represents everyone in the bazaar who asks for its help." (Field note, 28 July 2016)

of power (Ahmed, 1980; Lindholm, 1982; Chaudhary, 1999). In principle, the present study agrees with Mohmand's (2008) argument that SC from macro- to micro-level is embedded in asymmetric power relations. Nevertheless, a fundamental theoretical weakness in the associational SC literature is that it loses sight of the role of interpersonal networks when considering associations as the sole unit of analysis (Molenaers, 2003, pp. 128-129; Norris and Inglehart, 2003, p. 3).

9.3.2 The role of Batkhela bazaar in generating interpersonal networks

Batkhela bazaar has led to the development of friendship, economic and political networks that facilitate the functions of associations. The individual networks generated by Batkhela bazaar cut across family, kinship, political, ethnic, regional and associational/organisational boundaries. These market networks help realise the individual objectives of the traders (Lyons and Snoxell, 2005). As Chapter 6 has argued, individuals in the Batkhela bazaar rely more on interpersonal networks than on the BU for the realisation of their objectives. This is not due to the lack of a sense of community, as Mohmand (2008) would argue, but to greater trust in the capacity of interpersonal networks as opposed to the BU or any other association (Molenaers, 2003). The present study of the BU and SWAs has shown, however, that an aggregate of these networks may facilitate activities aimed at civic engagement (Brehm and Rahn, 1997). The literature on associational SC provides evidence on the implications of associational membership for individual networks (Degli Antoni and Sabatini, 2016), whereas conventionally, individual SC is viewed as an obstacle to the development of collective SC, which, in some instances, is undoubtedly correct (Levien, 2015; Portes and Landolt, 1996). The present research on the BU and SWAs in Chapters 6 and 8 respectively suggests that, in particular, the individual networks of key members of associations serve as a resource both for the BU and the SWAs (Liang et al., 2015; Molenaers, 2003; Krishna, 2002; Pedrini et al., 2016).

The logic of cooperation in the market impels traders to purposively develop new networks with other traders, moneylenders and families (Fafchamps and Minten, 2002; Coleman, 1990). However, through increased interactions, these networks evolve into more effective or expressive ties with benefits outside economic realm (Oh, Chung and Labianca, 2004, pp. 861-862; Coleman, 1990). This functionalist approach to the development of social capital, as Davis (2014, p. 100) argues, assumes that agents develop ties with those who are alike on the basis of shared interests. In this sense, it undermines the "strength of weak ties" proposition (Granovetter, 1985). The findings from Batkhela bazaar suggest that the development of social ties across the spheres of governance is shaped by complex interdependencies where agents rely on these networks to accrue

individual and collective benefits embedded in these fields (McKie, 2017; Bourdieu, 1986). This SC accumulation is both spontaneous and strategic, because distanced ties are employed in those spheres where strong ties are unable to accrue benefits for an agent (Granovetter, 1985). This means that social capital, both inherited from the family and accumulated during trading careers, is employed by traders to achieve their individual and group objectives (Eloire, 2015, Note 1). Even purely instrumental ties purposively developed in the economic field evolve into expressive ties with mutual benefits for both the sides in the long run. Box 9.2 offers an example of the development of such networks as an outcome of increased interactions in the Batkhela bazaar.

Box 9.2: Example of the role of Batkhela bazaar in generating informal SC

All 60 traders interviewed in the major fieldwork stage of this study reported the development of durable networks on the demand and supply side. Initially instrumental, these networks often evolve into expressive ties based on mutual trust and commitment. Most of the networks (85%) were developed from interactions in the bazaar's economic, political or service provision activities. Thirty-two acquaintance-based networks were recorded that later developed into reciprocal exchange relationships: repeated economic exchanges, an actor's reputation for helping, or a "structural hole" helped in the establishment of these relationships. For example, Waqar is a prominent wholesaler of electronic goods in the bazaar. In 1985, his father-in-law's brother wrote to a prominent wholesaler in Lahore to connect Waqar to him. As Waqar stated: "Connecting with that trader was very important, because I knew that he could provide me goods on credit which my ties here could not afford." (Interview, 9 May 2016). The supplier in Lahore not only provided business advice and a loan, but helped Waqar connect to traders across the country. The ties between Waqar and his supplier in Lahore evolved into a reciprocal relation of mutual respect and commitment. In the late 1990s, the supplier had to shut down his business after defaulting on bank loans. Waqar tried to help his lifetime benefactor in his difficult situation. As Waqar stated: "He gave me credit when no-one knew me in the market, he introduced me to many traders in the wholesale market, in short, after God and my hard work, he is the main source of the expansion of my business. I could not forget what he had done for me. I wanted to do something for him when I realised his difficulties. I not only returned his credit which I was supposed to pay in instalments, I also gave him one million rupees and said to him, use this money now, and return me whenever you can" (Waqar interview, 1 October 2016).

Source: Interview data and field notes

These networks are not mutually exclusive as they cut-across political, associational, regional and socioeconomic boundaries (Lyons and Snoxell, 2005, p. 1,314). A trader may simultaneously belong to the BU, a political party and an SWA, while having an

interpersonal economic or friendship connection with another trader who also is a member of the BU but belongs to a different SWA and political party. Hence, relationally embedded multiplex networks serve as a resource for associations.[77] This goes beyond the traditional emphasis of the SC literature on the utility of multiple affiliations of a member for the benefit of voluntary associations (Wollebaek and Selle, 2003). The findings from Batkhela bazaar have reinforced the significance of members' informal networks for voluntary associations (Molenaers, 2003). The stability and success of voluntary associations is underpinned by the norms of trust and reciprocity inherent in the informal networks. Trust in these networks exists and even develops for mutual benefit without any associational life (Steenberg, 2014, pp. 11-12). This is not to undermine the significance of associations for bazaar-governance relationships, but rather to call attention to the role of informal networks that generate both economic and social capital for these socially embedded voluntary associations.

Elite capture can inhibit an association's trust-generating capacity, which resides in informal horizontal relationships (Molenaers, 2003, p. 128). However, the capture of large associations like the BU, the mechanics' association or pharmacy associations is unlikely for two reasons: firstly because representatives of these associations use their informal networks for gathering votes or performing the functions of these associations; and secondly because the membership of these associations cannot be controlled, unlike the membership of local development associations (Molenaers, 2003); sports associations (Tacon, 2014), cooperatives (Liang et al., 2015), or even some traders' associations (Peña, 1999; Ikioda, 2014).

These associations can best be characterised as ongoing systems of social relationships (Hodgson, 2006) comprised of both individual networks and community norms (Steenberg, 2014). The weakness of associational SC and the greater use of informal networks is not purely a question of incentives, as rational choice theorists suggest (Hummely, 2016). The field of power and an agent's capacity to realise his objectives with or without associational support shapes traders' propensities to employ individual or associational SC (Odabaş and Adaman, 2014b; Kluttz and Fligstein, 2016). It is precisely this logic which explains why agents with differentiated endowments of SC rely on their individual networks while reflecting solidarity against threats to their collective interest (Bourdieu, 1985); or why SWAs, despite their inability to develop trust, are successful in

[77] This raises another theoretical contention. Schmitz et al. (2017) use the notion of multiple habitus that allows an agent to identify with multiple networks at the same time, whereas the present study argues that identification is a decision that stems from habitus, which shapes an agent's decision to use an association for individual purposes, or to use individual networks for association.

generating economic capital through the individual SC of their members. Counterintuitively, like the bazaar, these associations are embedded in a series of relationships. This nested embeddedness raises a more significant challenge to using the mainstream theory of SC to study marketplace-local governance relationships. In the context of the bazaar, where interactions are fluid and complex, and associational and personal networks proliferate, questions are raised as to how bonding and bridging social capital evolve and how these two types interrelate.

9.4 The study of Batkhela bazaar: Implications for the bonding and bridging dimensions of social capital

The empirical evidence from Batkhela bazaar has theoretical implications for the bonding and bridging dimensions of SC. Most of the research on SC employs these analytical categories as binaries, which often leads to narrow conceptualisations and consequently narrow conclusions, especially regarding the relationship between formal and informal, and individual and associational, SC. Putnam (2000, pp. 22-23) does not treat these as strictly either/or categories, but rather as analytical dimensions along which forms of association can be categorised. Confusion in the use of bonding and bridging arises from Putnam's neglect of the inequality inherent in the two dimensions (Leonard, 2004, p. 929).

For Putnam, horizontal associations are the actual SC, whereas contexts with vertical associations are characterised as having either an absence of SC (Fischer, 2001) or weak SC (Mohmand, 2008). In the developing world, where associational activities are largely informal and social relationships are vertically structured, the literature argues that verticality-horizontality classification has very limited utility for explaining the bonding and bridging dimensions of SC (Molenaers, 2003, pp. 123-124). Investigating local government and SC in Pakistan, Mohmand (2008, pp. 391-394) demonstrates that it is due to social stratification and the vertical dependence of the poor on the rich that associational activities are vertically structured. Beall (1997) found that Putnam's much-celebrated notion of horizontal (bridging) associations was found to be inapplicable to contexts like Pakistan owing to the hierarchical social relationships and unequal access to state institutions (see also Levi, 1996). The inapplicability of the Putnamian notion of horizontal associations is primarily due to the prevalence of bonding (exclusive) social capital existing at all levels of society in Pakistan (Mohmand, 2008, p. 397; Beall, 1997). Associations in this context are better viewed as fields of power and as a totality of relationships. In the first sense, they are internally heterogenous and actors struggle over internal stakes; in the second sense, "it is the quality produced by the totality of

relationships between actors, rather than a mere quality of a group" (Bourdieu, 1980, p. 2).[78]

Thus, in contexts like Pakistan, making the bonding/bridging distinction between associations and networks in an interactionist framework becomes awkward for two reasons: the unequal distribution of capitals (Bourdieu, 1985, pp. 24-25), and the overlapping of networks (Portes, 1998). As demonstrated in Chapters 5 and 6, group boundaries (class and association) are constantly evolving as a consequence of changes in the power of one field or another: their binding potential and bridging capacity therefore change over time (Christoforou and Lainé, 2014). Furthermore, the development of new fields such as traders' associations, SWAs and decentralised local politics has led to complementarity between informal networks and multiple overlapping associational boundaries. Therefore, exchanges among agents are more fluid and complex, and their position in the social structure, based on their possession of various forms of capitals, determines their capacity to influence various governance processes. Each voluntary association (e.g. trade union, political party or SWA), socioeconomic category (landed vs. landless), or field (e.g. political, bureaucratic or economic) is heterogeneous owing to the socioeconomic diversity among members and uneven interests in various participation processes (Christoforou, 2014a, p. 66). Amid this heterogeneity characterised by power asymmetry, coincidences of interests cause the development of multiple forms of bridging associations (Stolle and Rochon, 1998; Coffé and Geys, 2007, 2008).

The concept of bonding and bridging rests on weak theoretical foundations (Leonard, 2004, p. 929). Three touchstones of the concept, if applied to the associations in Batkhela bazaar, will elucidate this argument. Firstly, the foundational principles include inclusion/exclusion (bonding/bridging), unity of purpose (bonding), and homogeneity vs. heterogeneity (bonding vs. bridging). Be it the BU or SWAs, the associations in Batkhela are inclusive in terms of allowing membership to anyone who wishes to join. Indeed, and as typically expected of interest-based associations, being a trader is the only condition for being included in the BU. Secondly, the purpose of these associations is to bond otherwise different actors in a single association or group;[79] but again, the absence of internal homogeneity and horizontality often demonstrates differences in the seemingly unanimous

[78] In this way, civic participation should not be equated only with membership of formal associations, as is often done. As Hooghe and Stolle (2003, p. 12) note, informal networks in some circumstances may have more powerful democratic effects than opposed to membership-based associations.

[79] Both the rich and poor make the achievement of associational objectives possible. In Batkhela, one often hears: "The rich is important for arranging money, and the poor are equally important for providing voluntary physical resource (*manda-tarda*)."

purpose of the association. Thirdly, and related to the second point, these associations have internal conflicts due to the varying economic and political interests of their members. These conflicts, however, lead to increased bridging on a personal level, when members of the community feel out of step with the existing social order (Portes, 1998, p. 2). This leads to another fundamental confusion regarding the concept, whereby some network scholars like Häuberer (2014) incorrectly view bridging networks as comparable to Burt's structural holes, while regarding Bourdieu's notion of SC as a bonding type based on exclusivity in terms of class such as nobility. Instead of suggesting that bonding and bridging as conceptual categories are flawed (Leonard, 2004, p. 930), conceptual refinement of these notions is suggested for their meaningful use in empirical analysis (Häuberer, 2014; Zmerli, 2002). At this stage, the only definitive conclusion on the relationship between the bridging and bonding dimensions is that the contribution of bonding to facilitating the development of bridging SC is the greater good of bonding SC (Larsen et al., 2004, p. 65)

The bridging/bonding binary leads to another dichotomy: formal vs. informal, or individual vs. associational. This categorisation is indisputable. However, this treatment of associations as the sole unit of analysis either overlooks the productive role of informal networks in the dynamics of associations (Norris and Inglehart, 2003), or worse, reduces the role of individual networks to being antithetical to associational SC. Conversely, the literature suggests that informal interpersonal networks facilitate the development of trust for bridging associations in a low-trust environment (Szreter and Woolcock, 2004; Odabaş and Adaman, 2014b, pp. 90-91).[80] Clearly, using bonding and bridging binaries as an analytical distinction facilitates the task of analysis, but this runs the risk of simplifying the outcomes of bonding and bridging networks and their "dark" and "bright" sides (Flora, 1998; Larsen et al., 2004). The findings of this study are in agreement with Svendsen and Patulny (2007) that neither all bonding is bad nor all bridging is good, and a single network carries both qualities. Therefore, conceptualising bonding and bridging in a Straussian structuralist framework of binaries obscures not only the actual effects of these two types of SC but also their mutual interrelationship (Williams, 2005).

Therefore, while investigating associational SC in the developing state context, particular attention should be paid to the inner composition of associations and to the role

[80] This uneasy marriage of individual and associational SC (as the findings of the present study show) is possible with three theoretical components: that associations are a resource produced by the group as a collective and used by members; that associations create feeling of solidarity (recognition) among members facilitating the use of collectively produced SC (Bourdieu, 1980, p.3); and that actors who are exploiting the potentialities of the association are using their relational networks to connect to larger groups (Davis, 2014).

of informal networks in their operations (Stolle and Rochon, 1998; Norris and Inglehart, 2003; Larsen et al., 2004, pp. 65-66). The literature often leads to a static conceptualisation of associations as either bridging or bonding, where the latter are viewed as homogeneous entities (Larson et al., 2004:65). This static conception often leads to incorrect interpretations of the mutually dependent relationship of interpersonal networks and associational SC. The associations studied in the present research resemble in some ways the local self-help groups studied by Krishna (2002) in India. Membership of all such associations includes both rich and poor, who participate due to mutual recognition (Odabaş and Adaman, 2014b, p. 91). Therefore these associations present a harmonious mix of bonding and bridging, in that they are inward looking in terms of realising collective interests, but outward looking in terms of drawing support for the achievement of those objectives (Svendsen and Patulny, 2007). Similarly, in the context of Batkhela bazaar, they derive their strength from community solidarity when faced with collective threats, but are weak as associations and often rely on the interpersonal networks of their key members.

Viewing the bonding and bridging dimensions in this framework calls for the development of a theoretical approach that cancels out the weaknesses of the Putnamian and Bourdieusian approaches to SC. Albeit from different standpoints, Bourdieu and Putnam agree on rejecting the structure vs. agency dichotomy. Integrating Bourdieu and Putnam will enable an understanding of the processes that prohibit the development of generalised trust despite increased associational membership, and the consistent low level of generalised trust despite the rising number of associations and their increasing membership (Coffé and Geys, 2007; Górriz-Mifsud et al., 2017). In addition, Bourdieu's lack of attention to the concept of trust and linking its various dimensions through his notion of habitus (Frederiksen, 2014, p. 178) can also be linked to the distribution of particularised and generalised trust in a specific institutional context (Putnam, 1993).

9.5 The role of trust and reciprocity

The current study of Batkhela bazaar has theoretical implications relating to two major social exchange mechanisms: trust and reciprocity. These norms are fundamental for governing cooperation in both associational and informal networks. This section theoretically situates the observed empirical patterns of high reliance on personal networks and low levels of social trust on one hand, and low institutional trust on the other. Trust and reciprocity are, however, interdependent. Trust is sometimes the cause and sometimes the consequence of reciprocity. Together these elements form the content of SC. The literature regards Bourdieu's notion of social capital as unable to deal with the notion of

generalised trust (Siisiainen, 2003); however, his notions of habitus shaped by an agent's surroundings and the structure of reciprocity have explanatory power to capture the interrelationship between generalised and particularised trust in the Malakand region (Frederiksen, 2014).

9.5.1 Habitus as an ordering principle: Personal, associational and institutional trust

The empirical data presented in Chapters 6-8 suggests a degree of complementarity between the levels of trust, i.e. institutional, associational and interpersonal (Odabaş and Adaman, 2014b, p. 83; Rothstein, 2013, pp. 1,019-1,021). These levels of trust are further divided into two dimensions: presumptive and competence-based trust (Blumberg et al., 2015; McAllister, 1995). However, trusting decisions within this order of trust are shaped by an agent's habitus (Frederiksen, 2014), which is the product of agent's familiarity with institutions, routines, and the norms of cooperation (Luhmann, 2000; Misztal, 1996, pp.101-102). The complementarity between interpersonal, associational (social) and institutional trust is structured by differentiated distribution of capitals (Uslaner, 2008, 2013). Uslaner (2013) situates the low level of institutional trust in economic inequalities and argues that these inequalities lead to a high level of particularised trust and a low level of institutional trust. It has also been found that an agent's perception of trust is inherently linked to the question of ability/power which is not necessarily economic (Bourdieu, 1986; Navarro, 2006). For instance, the owners of small businesses in Batkhela bazaar vote for BU candidates who can influence government institutions in their favour. These institutions are perceived to be unfair and "stacked against the less powerful" (Odabaş and Adaman, 2014b, p. 94). Conversely, traders with reliable personal networks that can violate regulations in their favour do not rely on the BU. For them, interpersonal trust is higher, while associations perform a second-order role in the generation of trust (see Section 8.4; Anheier and Kendall, 2002).

Two key theories on the relationships between trust, inequality and quality of government, Uslaner's inequality trap thesis and Rothstein's interconnected mechanisms and quality of government, are developed in the literature on trust and corruption. For Uslaner, inequality breeds corruption, leading to further inequalities and a lack of social trust. For Uslaner, governments do not do the job of increasing or decreasing trust, whereas for Rothstein (2011, 2013, pp. 1,019-1,023) the quality of government (competence) and institutional fairness (rule of law) are important determinants of the levels of generalised and interpersonal trust in society. The aim here is not to play down Uslaner's inequality trap thesis, or to reformulate Rothstein's quality of government argument. It is argued that a meso-level explanation of the structuring role of government quality and socioeconomic

inequalities to assess the operation of social capital and its implications for governance is possible by combining these arguments in a single framework (Ariely and Uslaner, 2016, p. 2). In the view of the author of the present research, Rothstein's theory has three central elements: an agent's familiarity with the quality of institutions; his/her understanding/perception of others' positions; and a sense of one's position in the given social order (Rothstein, 2013, pp. 1,019-1,021).

In this sense, trust is a fundamental cognitive dimension of SC, rooted in one's expectations which in turn result in more expectations (Uphoff, 2000, p. 219). It promotes cooperation among agents based on their expectations of the other's intent and capacity to cooperate. As Uphoff (ibid., p. 220) states: "Roles are created by expectations, and at the same time they create expectations on the part both of (a) those who occupy (act according to) established and accepted roles, and (b) those persons with whom these role incumbents interact." In this sense, the capacity of institutions and social structures to affect these institutions simultaneously affects the health of trust in the society (Rothstein and Uslaner, 2005, p. 42). However, the quality of institutions (fairness) is the primary determinant of how social and interpersonal trust operate within a society. As Rothstein and Eek (2009) and Rothstein (2013, p. 1,011) note, where governments efficiently and fairly provide for many social needs, people do not have to develop and maintain trusting relationships or invest in social networks. The empirical findings in Chapters 7 and 8 of the present study suggest that non-robust government institutions and their inability to provide for various individual needs erode trust in the government. These factors also account for the low level of generalised trust and higher levels of interpersonal trust and cooperation among individuals. In this sense, trust reduces the complexity of social system (Luhmann, 2000, pp. 94-95).

Thus, trust as a disposition stemming from an agent's habitus works at two levels: presumptive trust, which is an agent's trust in the perceived capacity of an agent or institution to perform an expected role (Blumberg et al., 2015, p. 93); and role-based trust, which is the accomplishment of that expectation (Blumberg et al., 2015). The former is a cause of the generation and strengthening of networks of cooperation in asymmetric trust relationships, whereas the latter is an outcome of these networks that ensures enduring cooperation. In this sense, trusting is not a stable disposition as proponents of strategic trust would claim (Hardin, 2002), but rather stems from habitus that is embedded in the situated experiences of agents, shaped by their interactions with situations (Frederiksen, 2014, pp. 174-176; Luhmann, 2000, p. 95). These experiences and consequently trust are shaped by the empirical context where these interrelated forms of trust operate (Woolcock and

Narayan, 2000). Table 9.4 summarises this context in terms of institutional, social, and interpersonal trust.

Table 9.4: Institutional, social, and interpersonal trust in Batkhela bazaar

Examples of trust/ Level of trust	Specific type of trust	Respondents reporting this type of trust (%)	Total responses
Institutional trust: capacity	Ability to deliver services (quality of government)	7%	60
Institutional trust: institutional fairness	Fairness of government institutions (rule of law)	5%	60
Interpersonal trust: capacity	Trust in personal ties to influence institutions	90%	60
Trust in associations: intention	Trust in the BU's intent to preserve interests (social trust)	90%	60
Trust in associations: capacity	Trust in the BU's capacity to preserve interests (social trust)	30%	60
Trust in organisations: intention	Trust in the fairness of SWAs (social trust)	20%	40
Interpersonal trust: intention	Role of interpersonal networks to generate resources for SWAs	90%	20
Social/generalised trust	Trust in the intent of strangers to help (social trust)	17%	60

Source: Interview data

The findings presented in Table 9.4 suggest that a high level of interpersonal trust, a low level of associational trust, and an even lower level of institutional trust exist in Malakand District. Trust is thus asymmetric, as argued in Section 7.4.1. An agent's decision to rely on an institution, an interpersonal network, or any specific agent within his extended network, depends on the capacity of the trustee to preserve the interest of the truster. This implies that trust operates as an upward disposition in the interconnected triad of institutional, social and personal trust. These trust dimensions are linked in a temporal relationship in which change at one level (performance of institutions) affects the other (capacity of personal ties) (Rothstein, 2013, pp. 1,019-1,021). Box 9.3 presents an empirical example of how change in formal institutions affects the trust dynamics of everyday engagement between traders and local government officials. In this instance, a decision by pharmacists not to rely on personal ties was the product not of rational calculation but of social judgement (Karpik, 2014, p. 30) which is shaped by an agent's habitus (Frederiksen, 2014, p. 178).

Box 9.3: Example of the role of institutions in shaping individuals' trusting dispositions

A provincial government ban on political transfers reinforced the confidence of a local drugs inspector that he could perform his duties efficiently. His strict attitude towards the violation of rules had influenced Batkhela traders' trust in the capacity of political leaders to intercede. A pharmacist (mentioned in Row 3, Table 7.5) decided not to rely on the intercession of a Union Council (UC) mayor who was also a friend. As the pharmacist explained: "My friend asked me to talk to the inspector, but I told him he would not listen, even though my friend is a UC mayor. This inspector does not listen to anyone" (Interview, 15 September 2016). A second pharmacist in an identical situation also decided not to approach the inspector. Both pharmacists had a similar socioeconomic status and were charged with selling fake life-saving drugs. They lacked trust in institutional fairness, and both normally trusted their interpersonal ties to avoid rule enforcement regarding repeated violations of health and quality standards. This time, however, the first pharmacist not only declined to negotiate with the inspector directly, but also refused to seek the help of his friend who had been useful in many such instances in the past; the latter pharmacist had personal ties to the drugs inspector but still decided not to ask him for concessions owing to a previous failed experience. The second pharmacy owner recalled: "[The drugs inspector] said to me, 'You should not come to me for illegal favours.' I replied, "If it was legal, there would be no need for favours.' He added, 'As long as I remember that, I will never ask him for a favour of any kind'" (Khavar interview, 15 August 2016).

Source: Interview data

The findings of this study regarding institutional trust have two major theoretical implications for the trust dimension of social capital. Firstly, institutional trust determines the operation of interpersonal and social trust, which then allows inequalities to affect institutions (Rothstein, 2013, pp. 1,019-1,021). Secondly, to explain this cycle of interconnected levels of trust, Bourdieu's notion of habitus is instructive, allowing trust to be perceived as a product of habitus (Frederiksen, 2014). In this sense, trust is a cognitive disposition, but trusting is a norm specific to any social context: as Bourdieu would argue, the social context is not external to individuals, but they are the cause and the product of it. In other words, habitus is shaped by individuals' subjective experiences within an objective structure of relationships. Trusting dispositions stem from these subjective experiences, which feed back into that objective structure in the form of either generalised or personalised trusting relationships.

The notion of habitus is important in that it connects with social differentiation of social capital and consequently to generalised trust (Frederiksen, 2014, pp. 177-178). Trust in personal networks or in its generalised form is linked to the notion of the radius of

trust.[81] Delhey et al. (2011) note the influence of culture on the radius of trust. A Bourdieusian approach demonstrates that a specific composition of trust disposition (radius of trust) is differentiated by an agent's or group's economic or cultural capital. This classification is not only one of classifiable objective structures, but also a differentiation of subjective experiences (Frederiksen, 2014). The findings of the present study of Batkhela bazaar also suggest that trust in personal networks and lack of generalised trust have cultural underpinnings. The traditional division of society between the landed and landless (occupational class), failed state-building projects and their path-dependent effects, status envy and power struggles are some of the cultural and institutional factors that inhibit the development of generalised trust.[82]

Overall, the findings of this research have three major implications for the theory of trust as an element of SC. Firstly, the marketplace generates various forms of associations, but, as Stoller (2002) argues, these associations do not necessarily promote generalised trust as Putnam (1993) would suggest. This should be viewed in the light of Karpik's (2014) study on trust in markets, which rejects any assumed homogeneity of markets owing to the qualitative differences among actors, their subjective experiences and perceptions, and their other differing qualities. Secondly, and for this reason, interpersonal trust in society is higher than generalised trust. This is mainly due to economic inequalities that structure agents' perceptions of institutional fairness (Uslaner, 2002; Odabaş and Adaman, 2014b). Thirdly, trust is not only a cognitive phenomenon, but it has a contextual dimension (Kramer, 1999, p. 574) that is shaped by the quality of formal institutions (Rothstein and Eek, 2009). Hardin (1992, cited in Cramer, 1998, p. 574) argues that trust is a three-part relationship that entails the attributes of the truster, the properties of the trustee and the specific contextual domain over which trust is conferred (Luhmann, 2000, pp. 95-96). As it is demonstrated in this section, trust is a relational phenomenon "stemming from an agent's habitus".[83] The notion of trust as habitus not only links the Bourdieusian notion of trust with the notion of generalised trust in social capital, but also offers a conceptual

[81] For a detailed discussion of various forms of trust, e.g. strategic, group/identity-based and generalised, and their relationship to the concept of generalised trust, see Stoller (2002).

[82] For these subjects see more generally Lindholm (1982) for an anthropological explanation; Ginsburg (2011) for a legal and economic interpretation; Barth (1959b) for game-theoretic interpretation; and Ahmed (1980) for socioeconomic interpretation.

[83] There is a debate in the literature regarding whether trust is habitus (Misztal, 1996, p. 108), or stems from habitus (Frederiksen, 2014, pp. 175-176). The author follows the latter conceptualisation because habitus is a larger disposition, while trust is an aspect of it.

link between personal, group and institutional trust, which is fundamental to the investigation of the ideal of social capital (Dasgupta, 2000, p. 333, cited in Fu, 2004, p. 9).

9.5.2 The role of reciprocity in stabilising exchange relationships

Reciprocity is not only closely related to trust, but has certain characteristics of its own that makes it the underlying governing mechanism for all cooperative relationships. The study of Batkhela bazaar has three major theoretical implications regarding reciprocity. Firstly, reciprocity is different from negotiated exchange relationships in that it necessarily entails repeated interactions by creating obligations. In this sense, negotiated exchange may develop into reciprocal exchange with the gradual development of goodwill and trust (Lawler and Yoon, 1998; Göbel, Vogel and Weber, 2013). The acts of gift-giving (Mauss, 1954) or drawing loans are the starting points of the cycle of reciprocity (Coleman, 1990). The former creates deferred obligations, while the latter requires an immediate response. Failure to accept the gift or to provide benefits when requested prevents the development of cooperation. Secondly, complete dependence (unilateral receiving) or independence (unilateral giving) are not likely: therefore reciprocity is best viewed as an exchange characterised by interdependence (Blau, 1964; Emerson, 1962; Cropanzano and Mitchell, 2005). Unlike Molm (2010), the present study found that this interdependence stabilises exchanges even in unequal power relationships. Thirdly, reciprocity operates as a mechanical law that shapes agents' habitus, and thus they are consciously or unconsciously aware of the outcomes of their actions (Bourdieu, 1972). In this sense, reciprocity serves as a system of rewards and sanctions, but decisions to apply sanctions are shaped by the relational context of reciprocal ties in both the economic and non-economic domains of the marketplace. In contrast to Torche and Valenzuela (2011), it was also found that not only does reciprocity become manifest and problematic when trust is broken, but it also causes the strengthening of trusted bonds if obligations created by trust-investment are fulfilled (Cropanzano and Mitchell, 2005, p. 875).

As a starting mechanism, most of the exchanges are governed by the principle of generalised reciprocity that can be summed up as: "I will do this for you now, knowing that down the road you'll do something for me" (Putnam, 1993, pp. 182-183). Putnam (ibid., p. 184) regards generalised reciprocity as a foundation for generating high level of SC. In this sense, Bourdieu is correct in his scepticism of disinterestedness in all exchanges including acts of altruism (Siisiainen, 2003; Navarro, 2006). From support in BU elections to political intercession to negotiating charity for an SWA, generalised reciprocity governs the exchanges in Batkhela. Neither the time nor the mode of return is stipulated or expressed at the time favours are provided (Sahlins, 1972, p. 194): the terms of reciprocity

are implicit, unspecified and an investment for the future (Abbott and Freeth, 2008, p. 876). Generalised reciprocity governs both direct and mediated exchange relationships. Favours exchanged among agents are often unequal, but indeed they have greater value for the receiver.

Alignment or misalignment occur when interests are not protected. The structure of reciprocity governs the universe of actions in the economic, political and religious spheres, and in the entire social stratum. Reciprocity, or the system of inducements and sanctions, is internalised and sparks a series of exchanges unless one of the exchange partners reneges on his obligations to return. For instance, wholesalers are aware of the negative consequences of providing defective goods: this shapes their decisions either not to deal in faulty products or to implicitly assume the entire responsibility for the losses of the retailers. Both parties however, are aware of the terms of this social contract or structure of reciprocity.

A few specifications of this structure of reciprocity emerge from the findings of this study. Exchanges are not tit-for-tat, but agents adopt a "win-stay, lose-shift" attitude. However, an agent's position in the structure of power and the nature of any breach of trust determine the type of sanctions applied. Consider, for instance, two different scenarios in which A fails to fulfil B's expectations – firstly by failing to assume responsibility for penalties in economic exchanges, or secondly by failing to donate to an SWA on B's request. In both instances A's action shapes B's response (Eloire, 2014), but B's reactions will not be the same in the two cases. In the first, B will swiftly respond to the breach of trust unless he is bound to A in a credit relationship. In the second, B will gradually distance himself from A after a few repeated failures on B's part. These considerations apply only if A deviates from the norms of cooperative relationships. Such deviation is rare in both instances, due to the transactional pattern of interdependence that characterises the structure of reciprocity in the region (Gouldner, 1960; Blau, 1964; Emerson, 1962).

Mediated exchanges such as political intercessions, using personal ties to collect charity for SWAs, or establishing channels of bribes to protect one's customers, creates obligations between direct exchange partners (Lindholm, 1982). However, unlike Lindholm's (ibid., pp. 122-123) mediated monetary loans, in which the discreetness of the recipient prevents the establishment of direct reciprocal obligations, the absence of trust prevents the establishment of direct exchange relationships. Once a reciprocal exchange has been mediated, the structure of reciprocity has two main implications. Firstly, any breach of trust invites reciprocal actions between direct exchange partners. However, an agent's ability to retain intention-based trust despite failing to fulfil the exchange partner's

expectations may prevent sanctions from the latter. The question is not only one of reciprocation, but "what the recipient can afford and when" (Sahlins, 1972, p. 194). Secondly, when a repeated exchange relationship is established between strangers through a mediator, a breach of trust by the recipient does not affect ties between the benefactor and the mediator. However, this rule is inapplicable to mediated monetary loans (in the literal sense). The creation of obligations (Coleman, 1988) and loss-aversion (Molm, 2010) are the key underlying mechanisms governing all reciprocal relationships. Therefore the "mechanical laws" of the structure of reciprocity are the "unconscious obligations to give, the obligation to give in return, and the obligation to receive" (Bourdieu, 1972, pp. 4-5). Furthermore, if the system is to work, agents must not be unaware of the truth of their exchanges (Bourdieu, 2005, p. 7). As demonstrated in this section and in the empirical chapters, this general schema of exchanges entails multiple modalities that constitute the sub-clauses or sections of the broader scheme of exchanges (Cropanzano and Mitchell, 2005; Sahlins, 1972). In this way, reciprocity is a fundamental institutional mechanism for stabilising cooperative relationships in the informal realm of governance.

9.6 Bazaar-generated SC and its implications for local governance

The evolution of the bazaar as a field of power and its embeddedness in the local governance structure has important theoretical implications for how marketplaces generate SC, and the implications of SC for local governance. A few key lessons for the SC-local governance interrelationship emerge from this chapter. Firstly, SC is neither an input nor an outcome variable in explaining marketplace-local government interaction: its role is contextual and is structured in a relational framework. Secondly, individual SC is not necessarily an obstacle to the development of collective/associational SC: the two types may have a mutually supportive relationship. Again, the "dark" or "bright" side of individual and associational SC for local governance is contingent on its intended use by agents or collectives. This section demonstrates the strengths of Bourdieu's approach to social capital over Coleman's rationalist and Putnam's functionalist-integrationist approaches. If the trajectory of SC is path-dependent, as Putnam (1993, p. 179) argues, then his approach to social capital is unable to capture the role of bazaar-generated SC and its implications for local governance, simply because he makes only a passing reference to class conflicts and power relations, which are major features of Pukhtun society in the Malakand region. Similarly, the Putnamian conception also overlooks the role of formal institutions (institutional design) in the operations of social capital for local governance (Svendsen and Svendsen, 2003; Lowndes and Wilson, 2001; Rothstein and Eek, 2009).

9.6.1 Bazaar-generated associational SC in the context of weak formal institutions

In contrast to the "bottom-up" approaches to SC (Putnam, 1993) and local governance (Faguet, 2015), the structure of state institutions and public policy are important determinants of the health of SC (Wacquant, 1998; Lowndes and Wilson, 2001; Teles, 2012b). However, statists are also incorrect in attributing the most important role to institutional design and public policy in constructing SC (Lowndes and Wilson, 2001; Warner, 2001; Petro, 2001; Teles, 2012b). SC generation may well be an outcome of weak formal institutions, as this study of Batkhela bazaar suggests (Harriss and De Renzio, 1997). For instance, the state's capacity to implement regulations will positively or negatively affect its ability to develop SC (Teles, 2012b, p. 868). In this sense, Putnam is correct in arguing that institutional reforms are unable to develop SC owing to economic inequalities (Putnam, 1993, p. 185). Weak state institutions are unable to generate trust. Here, Bourdieu's notion of state as a meta-field has its greatest weakness to explicate the influence of social structure on the state's ability to influence universal rules. As Bourdieu argues, the universal laws of the state and their application in the local field may vary owing to local power relations (Bourdieu, 2005, pp. 127, 130, 132). Therefore, the state does not or cannot construct SC, but provides the foundation for its development (Górriz-Mifsud et al., 2016).

The arrow of causality for social capital generation cannot be pointed in a single direction (Uslaner, 2008; Cronin, 1996). Therefore, a relational framework in Bourdieu's field theory better explicates the simultaneous influences of state weakness and unequal structures of power on the processes of SC generation in the weak state context (Christoforou, 2014b). In Pakistan, weak formal institutions and economic inequalities have empowered the dominant classes at the cost of the dominated (Lindholm, 1979, 1982; Marsden and Hopkins, 2013). In this context, the present study has demonstrated that the evolution of the bazaar as a field of power has generated associational SC. Batkhela Bazaar Union is weak, as are other traders' associations in Pakistan (Kamal et al., 2015; Nadvi, 1999; Javed, 2017), and it has yet to develop as associational SC in the Putnamian sense; however, it is certainly far more developed than what Chatterjee (2004, pp. 39-40) calls "political society".[84] Its gradual evolution has increased its significance for both local

[84] Chatterjee (2004, p. 66) however, does not recognise such associations embedded in unequal power relations as SC because they are not "civic communities" in the Putnamian sense. If Chatterjee had Bourdieu in mind, he would have thought differently about the notion of "political society", the term he uses for organisations of the poor. However, the author agrees with Chatterjee that modern notions of civil society do not explain state-society relations in post-colonial India or Pakistan because of inherent inequalities in the social structures and their implications for agents' access to state institutions.

administration and political leadership who attempt to patronise it for their purposes. This resonates with Evans (1997) who argues that conditions for building synergy, exist even in the most adverse situations, but in the context of the Malakand region, the state cannot generate SC due to the absence of citizens' trust in weak formal institutions. Table 9.5 summarises this finding. Heeding Harriss' (2001) warnings against the depoliticised development of SC, it does not suggest, in the neoliberal vein, that society should be left to its own for the development of social capital just because marketplaces are the generators of SC. The empirical literature on Pakistan suggests that this arrangement will only work to the benefit of the powerful because the poor are unable to contribute to their own development (Harriss, 2001; Mohmand, 2008).

Table 9.5: Inability of government institutions to generate social capital for local governance

Responses/ Nature of issue	**Yes**	**No**	**Responses**	**Respondent category**
It is difficult to find cooperative BU members	4	1	5	Administrative officials
Officials develop networks to identify violators of health/quality standards	3	2	5	Administrative officials
It is difficult to find reliable networks to identify violations of health/quality rules	5	0	0	Administrative officials
Business owners support BU-government cooperation	5	16	21	BU representatives and their supporters
Business owners cooperate with the administration to identify rule-violators	1	24	25	Pharmacy, grocery and food business owners
The administration cooperates with SWAs for social service provision	3	20	23	SWA members and SWA collaborators
The administration's non-cooperation with SWAs is due to resource constraints	23	0	25	Founders and members of SWAs

Source: Interview data

Overall, four main findings emerge from this section, as follows:

(1) Economic development in the bazaar results in the development not only of individual but also associational SC, with implications for local governance;
(2) The BU, as associational SC of the bazaar, is not a perfect civic association; however its greater political embeddedness and increased significance for the local administration has facilitated access of the poor to state institutions;
(3) The fragility of government institutions inhibits the development of generalised trust: weak state institutions therefore lack the capacity to generate SC; and
(4) Linked to the above, officials in the local fields develop personal SC to pursue administrative goals.

9.6.2 Relational networks and their implications for local governance

In addition to institutional fragility, two main factors inhibit the development of effective membership-based associations in Batkhela bazaar: firstly, the structure of power and individuals' location within that structure (Mohmand, 2008); and secondly a greater reliance on individual networks rather than on collectivity (Levien, 2015). The empirical analysis of the BU and SWAs in Chapters 6 and 8 reveals that even voluntary associations are dependent on the personal SC of their key members. Undoubtedly, the bazaar's development has caused a shift in the traditional distribution of capital between the landed elite and landless class. This shift has also developed cross-cutting ties across class and political boundaries (Jan, 2010, 2014). Nevertheless, those who rise up the socioeconomic ladder reproduce traditional patronage structures, albeit of a different kind from those suggested by Akhter (2017).[85] Examples of this include the economic exchange structure whereby wholesalers are responsible for protecting retailers from penalties, and the fact that, despite the BU's move towards a more civic orientation, powerful traders play a patronage role in the political competition that surrounds it (Schulman and Anderson, 1999). Unsurprisingly, the representatives of the BU have greater significance for political actors than for traders. Levien (2015) correctly argues that theories of collective SC are unable to explicate the role of networks, norms and trust in evolving local economies from a rural to an urban outlook. Here, a simple explanation could be that the economically powerful are better connected and are therefore better able to pursue their interests without associational activity (Portes, 1998, p. 4). Conversely, it was found in the present study

[85] Relationships between the political elite and the population are often depicted as being based on a fixed bond of patron-client ties. Obviously, there are power inequalities between them, but relationships between representatives and the represented are often more complex and dynamic than they appear (Stokke and Selboe, 2009, p. 73).

that the BU has utility for these actors when their individual networks are unable to realise their objectives. These networks also have utility for associational SC.

Therefore, the question is not about the existence or absence of perfect membership-based associations, or about their relationships to better or worse governance, but about the form of SC as a public or private good, and the purpose for which it is used.

9.6.3 The "bright" side of bazaar-generated SC for local governance

On the "bright" side of SC, the economic development due to the bazaar's evolution has resulted in network diversity and greater political inclusion (Jan, 2014; Varshney, 2001, p. 384), which in turn have reduced political intolerance (Hsung et al., 2009, Chapter 4). This greater political tolerance is evident in the composition of cross-cutting political and class networks within the BU and its support structures. More broadly, a mixture of traditionally opposed landed and landless classes are found in the local political meetings. In the bazaar, 15% of the traders are actively involved in local political meetings, while 4% offer financial support during the election campaigns of political actors.[86] This reflects the role of the bazaar economy in the evolution of traditional political structures (Ahmed, 1981; Jan, 2014). The poor also benefit from this evolution owing to the greater embeddedness of the BU in the local political structure. The BU serves as a channel for poor traders to access state institutions (Peña, 1999). The BU's ability to better articulate traders' interests stems from its increased utility for the local administration (David et al., 2001), and the alignment of its interests with the political forces opposed to the local administration (Schappo and Van Melik, 2017). Because it represents a growing bazaar, its utility for the local political elite has increased. This has, among other things, increased the interdependence between the BU and political actors. Hence, the political embeddedness of the BU has made it an important public good (or community resource) available to individuals for realising varying objectives.

The institutional embeddedness of the bazaar's economy, coupled with the structural and cultural embeddedness of the SC it generates, has implications for the delivery of some specific services (Baker and Faulkner, 2009). Traders' membership of SWAs and the networks of these members generate positive externalities for social welfare provision (Javed, 2017). This finding stands in tension with Levien's (2015) scepticism about the positive role of individual networks in community development or in the production of

[86] These figures are taken from the survey data and from additional comments made by interviewees in response to survey questions.

collective good. The findings set out in Chapter 8 suggest that agents with a greater endowment of economic capital are better connected as Levien (2015) suggests, but these networks have also utility for collective gains (Krishna, 2002).

This resonates with the limited literature on cooperatives (Liang et al., 2015) and local development associations more broadly, which demonstrates the utility of individual networks of powerful members in heterogenous associations (Molenaers, 2003). This points the arrow of causality in a different direction, whereby the trust and reciprocity governing individual networks generate bridging SC for associations (Degli Antoni and Sabatini, 2016). A definitive prescription of the role of individual networks for voluntary associations and their outcomes for service delivery is avoided here because it would require sustained empirical investigation into this subject. However, two principles should guide research in this direction: firstly, any a priori designation of the "dark" side of bonding SC in local development should be avoided (Flora, 1998); and secondly, the tendency of agents to use voluntary associations for their narrow interests should be viewed in the broader structure of reciprocity (Odabaş and Adaman, 2014b). Having said that, Table 9.8 summarises the "bright" side of SC for local governance generated by Batkhela bazaar.

Table 9.6: Bazaar-generated social capital and its positive implications for local governance

Responses/ Type of membership or ties	**Positive implications for local governance**	**Number of responses**	**Sample size and data source**
Traders' membership of the BU	Increased political inclusion	182	200 (survey data)
Traders' membership of political parties	Creating proximity between voters and their representatives	155	200 (survey data)
Traders' membership of SWAs	Provision of social services	33	60 (interview data)
Traders' personal ties across associations	Facilitating SWA's functions in the provision of social services	44	60 (interview data)

Source: Exploratory survey and interview data

9.6.4 The "dark" side of bazaar-generated SC for local governance

Negative and positive potentialities are simultaneously inherent in a single network, whether individual or associational. The "dark" side of SC is determined by the purpose for which it is employed, and the domain on which it is conferred. Thus, SC is not a normative concept, and can also have less benign outcomes for local governance (Harriss

and De Renzio, 1997; Van Deth and Zmerli, 2009; Fine, 2001; see also Chapter 7 of this thesis).

Generally, the literature on social capital associates its "dark" side with bonding social capital (Portes, 1998; Portes and Landolt, 1996; Van Deth and Zmerli, 2009), whereas bridging social capital is associated with positive externalities as it helps communities get ahead (Putnam, 1993; Szreter, 2002).[87] The findings of the present study contradict Putnam's conception of SC, in that he neglects the negative impacts of "sociability" (Levi, 1996; Harriss and De Renzio, 1997). Social capital, if viewed in relation to the size and quality of an agent's networks, based on their economic and cultural capital, explains how bridging social capital works to the detriment of the community's interest (Levien, 2015). Moreover, as an association, Batkhela BU not only facilitates political inclusion, but also incentivises patronage and at times obstructs the implementation of rules through collective action. Batkhela bazaar has also seen the development of multiple forms of bridging SC manifested in the form of economic and political networks. These bridging interpersonal networks (or weak ties) also have a "downside" for both the community and local governance. As demonstrated in Chapter 7, bridging interpersonal networks also facilitate the intercession and corruption that prevent effective governance of the bazaar.

Drawing on Coleman's approach to social capital, one issue of American Behavioural Scientist (2010) focused on the "dark" side of social capital. The overall argument was that if more social capital led to a reduction of values (e.g. social equality and tolerance) or a rise in something negatively valued (e.g. corruption or "free-riding"), all such relationships were perceived as negative consequences of social capital (Van Deth and Zmerli, 2009, p. 632). Followers of both Coleman and Bourdieu agree in principle that informal networks and interpersonal trust embedded in specific institutional arrangements and social structures have negative implications for local governance (Van Deth and Zmerli, 2009; Levien, 2015). The findings of the present research suggest that the bazaar has generated sufficient SC to also reproduce inequalities and corruption (Odabaş and Adaman, 2014a). The mechanisms of intercession and corruption are underpinned by reciprocal exchanges and trust in networks of relationships that cut across various levels of governance. In this sense, trust and reciprocity in relational networks add to the fragility of formal governance institutions.

[87] Portes (1998) also takes issue with this concept, arguing that the greater theoretical promise of the theory of social capital lies at individual level.

9.7 Conclusion

Marketplaces, as an element of the local governance structure, are embedded in a series of relationships. These relationships structure the role of the marketplace in local governance on one hand, while on the other hand, the evolving fields of governance, including the marketplace, determine the role of these relationships in state-society interaction. In this sense, SC as a set of networks governed by norms of cooperation is embedded in the dynamic structure of power. The actions of agents, both individual and collective, in the economic, political, social and regulatory spheres of governance are structured by the distribution of capitals. This distribution is dynamic and fluid, which accounts for the complexity of interactions across different spheres of governance at individual, field and institutional level. An individual's choices to develop and use formal and informal networks is not the outcome of the calculative computation of rational agents, as Eloire (2015, pp. 2, 6) correctly observes: instead, the structure of power and an agent's familiarity with this structure shape the order of judgment. This order is internalised in the habitus that serves as an ordering principle. Habitus, through its interaction with social structure, shapes the practices of local governance. In this order, trusting dispositions stem from an agent's habitus, which is governed by the mechanical law of reciprocity, characterised by power-dependence. It is in this sense that the social world is what agents make of it, but they cannot shape it beyond a certain limit, and that limit lies in the dynamic distribution of capitals that evolve at both micro (agential) and macro (structural) level.

Viewing bazaar-generated SC within this field-capital-habitus nexus, and intersecting the values of field-specific capitals across fields of power, rejects analytical dualities on the one hand, and the normative attribution of the "dark" or "bright" side of SC to any specific type of networks on the other. This chapter has demonstrated that both bonding/bridging and individual/associational networks have both "dark" and "bright" sides. Any outcome of SC for local governance is context-dependent, which is shaped by the distribution of power and the purpose for which SC is employed. This chapter also reject Bourdieu's notion of the state as a meta-field to explain its role in the development of SC in the developing state context, because of its incapacity to generate institutional trust.

However, the chapter suggests the utility of applying the Bourdieusian approach of SC to explain the internal heterogeneity of voluntary associations regardless of Putnamian or Olsonian types. It has been demonstrated that interpersonal networks play an important role in the realisation of associational objectives. In this sense, the individual and associational networks generated by Batkhela bazaar are interrelated. This is a significant

advance in the SC literature, which invites scholarly attention to the positive role of the interpersonal ties of individuals in the development of associational SC.

Chapter 10 - Conclusions

10.1 Introduction

This research has aimed to enhance understanding of the role of marketplaces in the generation of SC, and the implications of this for local governance. Through an in-depth case study of Batkhela bazaar in Malakand, Pakistan, this study has provided a comprehensive theoretical and empirical analysis of the integrative potential of the marketplace in local governance in a weak state context, by examining the role of the marketplace in SC generation. As such it has made two major contributions.

Firstly, this study has developed a Bourdieusian-informed theoretical framework which has enabled the application of SC as a useful concept to grasp the contiguous evolution of marketplaces and local governance. Placing Bourdieu's notion of SC in his theory of practice as a nexus of capital, habitus and field, has provided a powerful analytical lens through which to examine the dialectical relation between formal and informal governance on the one hand, and agency and structure on the other. This relational framework, unlike the perspective of pure statists and non-statists on SC and local governance, does not view SC as the product of institutional design and public policy, nor as the outcome of socioeconomic transformation that alone determines institutional performance. Also, unlike the Beckerian-type rationalist approaches to SC (Becker, 1974), it does not view agency as operating with complete autonomy in shaping the structures of governance. This means that none of the elements of local governance structure, e.g. local government, informal governance institutions, local economy, social structures, formal and informal networks and agency (both individual and collective) is a passive object of the influence of the other in this relational framework.

Adopting a middle ground between the theoretical binaries of objectivism and subjectivism (Bourdieu, 1989, pp. 14-15), and remaining sensitive to the internal heterogeneity of the structural elements of bazaar-local governance relations, has helped incorporate power and conflict, crucial missing ingredients in Putnam's notion of SC. In this sense, this thesis has demonstrated that SC is an emergent property of the interaction within and between the spaces of positions (fields of power) and their evolving power vis-à-vis one another in the local governance structure. This dynamic theory of SC shows that institutional design (state structures) and the local economy (socioeconomic structures) and their evolving relationships structure the forms and operation of SC in local governance (Wacquant, 1998; Górriz-Mifsud et al., 2016). These objective structures are deposited into, and reflexively wielded through, what Schmitz et al. (2017, p. 65) calls "complex, multi-layered habitus". In this sense, habitus explains the role of trust and reciprocity at

both individual and societal levels.[88] The application of this framework to the empirical context of Batkhela bazaar leads to the second major contribution of this study.

Empirically, this study was a pioneering attempt to apply SC as a theoretical framework to the role of marketplaces in local governance in the weak state context of Pakistan. Existing studies in the Pakistan context have not, with the notable exceptions of Javed (2017), Hasan et al. (2008) and Amirali (2017), explored the role of marketplaces in local governance, and none has explicitly focused on the key components of SC in determining the role of marketplaces in local governance. Taking SC as a point of departure from the existing empirical literature on marketplaces in Pakistan, this study has demonstrated the integrative potential of marketplaces in the local governance structure, especially their implications for the processes of political empowerment, regulation enforcement and social welfare provision. Exploring this relationship in a meso-level theoretical framework has enhanced understanding of the integrative role of marketplaces in the organisational sphere of local governance (Schappo and Van Melik, 2017), especially their influence on the relationship between the representative and administrative spheres of LG on one hand (Amirali, 2017), and the state and social welfare associations on the other. The findings of this study suggest that economic development due to marketplace evolution has implications for associational SC, although of an idiosyncratic kind. These associations have implications for local governance, depending on the type of association under consideration, whether interest-based, such as traders' associations, or philanthropic, such as SWAs. Section 10.2 sets out how the research questions have been addressed. The policy impact is discussed in Section 10.3, and the limitations of the study are set out in Section 10.4. Finally, Section 10.5 suggests some avenues for future research.

10.2 Addressing the research questions

By integrating the existing literature on state decentralisation, SC and marketplaces with an in-depth qualitative case study of Batkhela bazaar within a critical realist frame, the research has addressed the thesis's main research question: How has the social capital generated by the economically dynamic Batkhela bazaar, impacted on the evolving governance of the Malakand region? Answering this central question has required addressing several specific questions set out in Section 1.3.

[88] This resembles what Uphoff (2000, p. 19) calls mental structures, which he argues shape the operation of the cognitive elements of SC in local development.

10.2.1 Forms of SC significant to marketplace-local governance relations in the developing state context

The starting premise of this research was that the existing conceptions of SC, especially the Putnamian view, is unable to explain the existing types of SC in developing countries and their implications for local governance. Nowhere more than in the literature on marketplaces is this view more clear, given that the focus here is predominantly on informal networks of interpersonal relationships (Fafchamps and Minten, 2002; Lyons and Snoxell, 2005; Watson, 2009; Vermaak, 2017), and that associations of traders are considered outside the remit of Putnamian-type associations (Varshney, 2001). The findings of the present study suggest that both types of SC – informal networks of interpersonal relationships and membership-based associations – are important for a holistic understanding of the role of marketplaces in the local governance of developing states. The problem lies not with Putnam's conception of SC, but with its simplified analytical treatments, especially a lack of attention to the role of informal networks in the structure and functions of voluntary associations: this often leads to narrow conclusions such as a theoretical disconnect between "structure" and "agency" accounts of SC; and to viewing bridging and bonding as dichotomy rather than a continuum (Norris and Inglehart, 2003, pp. 3, 5). Moreover, reducing the role of informal interpersonal relations to the "absence" or the "dark" side of SC for governance is an eminent example in this regard (Fischer, 2001, pp. 4, 8-9; Norris and Inglehart, 2003, p. 6; Flora, 1998). As Hooghe and Stolle (2003, p. 12) note, those who equate civic participation with membership-based formal associations often arrive at such conclusions regarding the role of SC in the local governance of the developing states (Molenaers, 2003). Therefore, both formal (associations) and informal (individual interpersonal) networks are important to understanding the role of marketplaces in local governance.

10.2.2 The interrelationship between individual and associational social capital for local governance

Crucial to understanding the role of SC in local governance is the interrelationship between personal relationships and associations. Most existing research views these types as binaries and hence obscures their mutually constitutive relationship. This study has found that, in many ways, personal relationships and associations are two distinct categories, but their relationship is not necessarily antithetical. As Granovetter (2005) correctly observes, networks' ability to connect associations to other elements of the political structure explains much of their success and their outcomes for the community. If associations are viewed as a totality of networks as opposed to systems, that is, if heterogeneity within

associations is considered, then the analytical distinction between the negative and positive outcomes of interpersonal networks for associations is rather straightforward.[89] Therefore, associations should be viewed as fields of power: that is to say that the inherent inequalities and conflicts of interest among their members should be considered when analysing their role in the local governance structure. This allows associations to be seen as an aggregate of hierarchical relationships grouped together for the achievement of collective goals. Based on the findings of this research, it can broadly be argued that most of the associations in the developing world are of this type. It is precisely this character of voluntary associations that leads Putnamians to argue that SC does not exist in contexts like Pakistan that are comparable to Putnam's Italian south. Moreover, followers of Putnam relate SC to modern civic associations and their productive outcomes for governance. This leads postcolonial scholars of South Asia to argue that due to asymmetric power relations and often uncivic character of associations, SC is inapplicable in the South Asian context (Chatterjee, 2004). Contrary to the views of these researchers on political society, the findings from Batkhela bazaar suggest that informal networks of interpersonal relationships are a necessary structural condition for the successful functions of associations, which may also have positive outcomes for local governance.

Governance in Pakistan and in South Asia is predominantly researched in relation to class, cast and kinship structures, owing to the historical linkages of these structures with states, politics and economic structures (Mohmand, 2008, p. 398; Amirali, 2017, Chapter 3). With the exceptions of Mohmand (2008) and Beall (1995, 1997) the literature on marketplaces and local governance in Pakistan is reluctant to use SC as a useful concept for understanding governance because of its normatively productive outcomes in the form of civic action, its neglect of the role of the state as its major determinant, and its inapplicability to the hierarchical social relationships that are characteristic of politics and governance in Pakistan (Amirali, 2017, pp. 76-77). However, political and economic changes are inspiring new forms of organisations which demand more critical approaches to the role of inherited/ascriptive and contingent ties, the latter developed as an outcome of evolving local political economies. For this reason, the present research applied a SC theoretical framework to demonstrate the non-ascriptive character of cooperation taking place around the BU and SWAs as expressions of a developing civil society (Varshney, 2001, p. 365). This is not to conclude that family, kinship or ethnic ties are insignificant, or

[89] For a clear conceptual distinction between a field and system (apparatus) see Bourdieu and Wacquant (1992, pp. 102-103).

that informal associations built around neighbourhoods cannot be viewed as civil society. Instead, these associations are a combination of ascription and choice (ibid., p. 367). Therefore, structures are important, but without agency, the evolution of SC and its role in local governance cannot be explained. This is to say that agents reflexively develop networks of cooperation that cut across ascriptive boundaries. In this sense, communities form SC as an outcome of economic change due to the bazaar's evolving relationship with traditional economic and political structures.

The state is an important determinant of the practices of SC development and its influence over governance processes. However, it cannot be manufactured through policy interventions aimed at generating SC, but by improving the quality of state institutions. The state resides in the dispositions and beliefs of citizens, and as Woolcock and Narayan (2000) note, communities are structured in terms of their relationship to the state. Weak, hostile and indifferent governments have radically different implications for development projects than governments that respect citizens' liberties, uphold the rule of law, honour contracts and resist corruption. This difference in the quality of the state is the outcome of two primary factors: the government's quality and the structure of the local economy. The tradition of taking sides on the "top-down" and "bottom-up" perspectives on SC will follow for decades to come, unless the state-society synergy approach is mature enough to provide conclusive answers regarding the role of SC in local governance (Evans, 1997; Woolcock and Narayan, 2000).[90] This research has demonstrated that applying Bourdieu's field-habitus-capital model to the generation and operation of SC and its implications for local governance presents a real opportunity here.

Application of this model to the empirical context of Batkhela bazaar has led to two further advancements in the SC-local governance theory. Firstly, it has allowed the construction of an evolutionary local governance framework in which SC, the local economy and the state are relationally embedded. In this framework, neither the quality of government institutions nor economic development are the outcome of the stocks of local SC: instead the stocks and flows of local SC are shaped by the quality of institutions and the structure of local economy. Certainly, the design of institutions and the structure of the

[90] A valuable and more recent advance in this context is Pisani et al. (2017) who develop a variant of the synergy approach for local development and governance, drawing on and extending its core principles, combining the structural and normative-cognitive elements of SC (p. 9); proposing that bonding and bridging ties are combined to ensure socioeconomic and developmental outcomes (p. 117); emphasising combining network analysis with an institutional approach; and thus drawing on the complementarity and embeddedness of relationships among public and private members of a network (p. 175). Finally they combine the networks and civic participation approaches, thus proposing Bourdieu's and Putnam's conceptions of SC as a way forward (p. 281); but warn the explanations developed are inconclusive and require further empirical study.

local economy do not operate in a determinist fashion, because agency plays a critical role in shaping the effects of the stocks and flows of SC for local governance (Nooteboom, 2007, p. 33; Krishna, 2002). This means that governance practices are shaped by the ways individuals develop cooperative relationships in response to evolving governance structures. Habitus is the central interpretative framework that structures agency, in that it creates familiarity that allows a context for action. Within this context, it was demonstrated that the cognitive dimensions of SC, i.e. trust and reciprocity, stem from an agent's habitus and play dual roles. Firstly, they provide informal governance mechanisms that are central to everyday governance in the context characterised by absence of government's capacity and fairness. Secondly, and related to this, trust as an element of governance is interconnected at three levels: institutional, social and individual (Rothstein, 2011, Chapter 3; Rothstein, 2013, p. 1,019). Therefore, personalised trust is higher in developing countries not because of the absence of SC, but because of the absence of institutional foundations for the development of generalised trust (Nooteboom, 2007, p. 30).

10.2.3 The role of marketplaces as generators of social capital and an element of local governance

The evolution of marketplaces, as this thesis has demonstrated, has implications not only for local economy but for the broader governance setting within which marketplaces operate. This point was schematically developed with reference to the role of marketplace in the broader developing state context (Section 2.4), in the context of Pakistan (Section 5.2.3) and in the Malakand region (Section 5.3.4). This thesis empirically demonstrates that the social structure of marketplaces develops bonds of collective solidarity that are mechanically activated in reaction to government actions that are detrimental to the collective interest of the traders' community (Dines, 2007; Mehta, 2013; Monteith, 2016). Doubtless, power struggles internal to the marketplace are linked to the power relations in the broader political structure that create alignment and misalignment of interests between actors across local governance spheres (Schappo and Van Melik, 2017). However, the evolution of marketplaces as a field of power also has restructuring effects on the political and social tensions in the wider governance structure. This points towards a much broader role of marketplaces as an element of local governance structure. In the case of Batkhela bazaar for instance, the inability of a single political party, ethnic group, or section of traders to dominate the bazaar's politics owing to the bazaar's increased size and heterogeneity necessitates cooperation to realise individual and group interests.

Thus, the role of marketplaces as generators of SC has implications for political interaction, regulation enforcement and social welfare provision, as demonstrated in

Chapters 6, 7 and 8 respectively. Reducing the role of marketplaces as an element of local governance to their role as generators of social capital runs the risk of essentialising marketplaces as another tool for bottom-up development and governance. Marketplaces do not just generate SC: their evolution has implications for existing stocks of social capital and consequently for interactions within and across spheres of local governance. The implications of Batkhela bazaar's evolution for the interaction between the local administration and the landed elite, and their increasing role in the local government and SWAs equation of local governance, aptly demonstrate how the bazaar's evolution impacts upon existing stocks of SC and what its implications are for local governance (see Section 9.5).

10.2.4 The role of the economically dynamic Batkhela bazaar in generating SC, and its implications for local governance

Marketplaces are an important element of local governance. Their centrality to the local governance structure of developing states such as Pakistan, and the Malakand region, was developed in Sections 2.4, 5.2.3 and 5.3.4. In order to empirically explore the role of marketplaces in the local governance of Malakand District, the major empirical research question was structured around three local governance processes: empowerment and participation, regulation enforcement, and social welfare provision (see Table 4.3). The role of bazaar-generated SC in shaping these governance processes was at the core of the empirical exploration throughout. In response to the order developed in Table 4.3, these questions were answered in three empirical chapters (Chapters 6-8). The findings presented in these chapters were guided by two ancillary dimensions developed around the central question of this thesis in Chapter 1: firstly to ascertain how the SC embedded in the bazaar's economy affects the evolution of local governance; and secondly to understand how the local governance processes rooted in the bazaar influence the stocks and flows of local SC.

10.2.4.1 Types of social capital generated by Batkhela bazaar

This thesis has demonstrated that the evolution of Batkhela bazaar generates SC of both types: associational and individual. Although the associational SC that the bazaar has generated is of a weaker kind, it demonstrates an evolutionary trajectory whereby certain types of associations are fading while others are evolving to acquire more formal characteristics. As the empirical chapters of this thesis have demonstrated, the evolving social structure of Batkhela bazaar have resulted in the strengthening of traders' associations of some types, such as the BU, but have resulted in the weakening of some

trade-specific associations, such as association of bakeries, owing to the evolving power relations among individual traders. The evolution of the bazaar has resulted in the development of associations of two types. Firstly, there are interest-based organisations such as the BU, which contribute to the development of SWAs by generating interpersonal networks and economic resources that are fundamental to their survival and the expansion of their operations. Secondly, social welfare associations that draw primarily on the interpersonal networks have developed around the economic, political and social interactions in the bazaar. The socioeconomic change and evolving power relations have led to the development of individual networks of various types, such as friendship, political, economic and acquaintance-based networks. These networks overlap across political, economic and social boundaries. An agent can use these networks for both individual and collective advantage. Although traders' membership of social welfare associations stands at 12%, as Table 5.4 suggests, for many of the SWAs discussed in this study, the bazaar is one of the most important resources. To benefit from this resource, these SWAs rely on the interpersonal networks of their members. The generation of networks of various types is not simply the outcome of the interactions that take place on the floor of Batkhela bazaar, but of its embeddedness in the complex social and political processes characterised by evolving power relations.

10.2.4.2 The implications of bazaar-generated SC for empowerment and participation

As demonstrated in Section 9.2, Batkhela bazaar has evolved as a field of power within the local governance structure. This evolution, especially in the form of traders' solidarity manifested through the Bazaar Union, has led to a deeper entrenchment of bazaar politics in the local political structure. This has two major implications for the evolution of decentralised local governance in Malakand District. Firstly, Batkhela bazaar has emerged as a political space where local political leaders play out their rivalries in the absence of local government elections, and use it as an instrument to influence the administration for the achievement of their objectives. Secondly, this evolution has implications for the empowerment of the poor in that it facilitates their access to state institutions and increases their political agency. The findings in Chapter 6 suggest that for enabling access to state institutions, the BU has greater utility for small traders than for large and powerful traders. This does not imply that powerful traders lack a sense of community, or do not rely on the BU. The BU is a powerful expression of traders' collective action against government measures that are detrimental to their interests as a collectivity, but it has differentiated utility for traders when it comes to the protection of their individual objectives. These findings indicate the importance of viewing marketplaces as "new governance spaces" that

are relationally embedded in the interactions between spheres of governance, and rejecting an interactionist framework that views marketplaces only as sites of face-to-face interaction or for the generation of networks of a Granovetterian type.[91]

10.2.4.3 The implications of bazaar-generated SC for regulatory practices

The BU has discernible utility for traders' individual objectives owing to the size and quality of their individual networks, which in turn depends on their location in the socioeconomic structure. These networks play a central role in the everyday governance of Batkhela bazaar, especially in the enforcement of regulations relating to price, health and quality standards. Certainly, traders employ their interpersonal networks for their own individual benefit, but these personal interests are not attainable without taking care of the interests of others. In this sense, interpersonal networks operate in a relational space, generating both positive and negative externalities for the everyday governance of the bazaar. On the one hand, individual networks, governed by the norms of trust and reciprocity, stabilise economic exchange relationships in the absence of effective formal institutions. On the other hand, the ineptitude of the formal institutions is reinforced by the "dark" side of individual SC that facilitates corruption in the governance of price, health and quality standards in the bazaar.

This suggests that interpersonal ties do not have a normatively "dark" or "bright" side. Instead, their negative or positive externalities for local governance depend on the purpose for which they are employed and the domain on which they are conferred. Extending this logic to the interrelationship between individual and associational SC, one may also observe that interpersonal networks can have positive implications for civic activities performed through voluntary associations.

10.2.4.4 Bazaar-generated SC and social welfare provision

The proposition that bazaar-generated SC plays a positive role in the provision of social welfare services, through the role of interpersonal networks in civic associations, was put to the test while addressing the third empirical dimension, concerning the role of bazaar-generated SC in the provision of social welfare in the context of formal institutional fragility. The role of bazaar-generated SC in this respect is contextual, and in the context of

[91] Despite the limitations outlined in Chapter 3, Granovetter's network theory highlights that the density of associations is not sufficient unless they have vertical networks connecting them to multiple structures of power, a point that requires sustained empirical inquiry. As Granovetter (2002) himself concludes: "The challenge for the new century is to build theory for the more general case, where contexts, structures and individual actions interact and change together" (p. 56).

Pakistan is essentially embedded in religious institutions. Nevertheless, the success of religious associations (like Al-Khidmat) also depends on the informal bridging networks of their members, because of the groups' incapacity to generate trust owing to their exclusionary character. It was found that friendship, economic and acquaintance-based networks of the key members of associations – both on religious and non-religious bases – contribute to the realisation of SWAs' objectives. This finding clearly contrasts with the views of the followers of Putnamian associationalism and Coleman's functionalist conception of SC, who fail to acknowledge the contextual embeddedness of individual and associational networks (Christoforou, 2013, p. 724). In this way, the present study makes a contribution to the limited literature on the interrelationship between voluntary associations and individual networks (Degli Antoni and Sabatini, 2016). However, unlike Degli Antoni and Sabatini (ibid.), who view interpersonal networks as a by-product of associations, this study concurs with Pedrini et al. (2016), and Nistor, Tirhas and Ilut (2011), who argue that interpersonal networks are a resource for voluntary associations in low-trusting environments.

Overall, these findings are in agreement with the literature on the role of marketplaces in generating SC (Lyon, 2000; Lyons and Snoxell, 2005; Watson, 2009). However, going beyond the reasoning of this literature, this study has established that marketplaces generate both associational and interpersonal SC, which makes them an integral element of local governance. This role of marketplaces has implications for the local governance-SC debate in Pakistan. Two of these implications are especially significant. Firstly, they demonstrate that associational activities and civic participation, albeit of a different kind, can be developed in contexts like Pakistan. Secondly, they show that the structure of the local economy is an important determinant of the structure and functions of SC.

Studies on local governance and SC in rural areas of Pakistan have found that associational activities are limited to the rich (Mohmand, 2008), whereas the literature on urban governance has reported a rich associational life of the poor (Beall, 1995, 1997). Amid this rural-urban divide, the literature on village economies notes, albeit in passing, the transformative effects of marketplace development for the traditional power structures in rural areas and the breakdown of traditional patron-client relationships (Hasan and Raza, 2009, pp. 48-49; Martin, 2015, p. 421). The present study has demonstrated the implications of marketplace evolution both for economic restructuring and for the processes of SC generation. By analysing SC at the level below the district (Uphoff, 1993),

this study has clearly demonstrated that the generation of SC by marketplaces makes them an integral element of the local governance structure.

This implies that the structure of the local economy underlying the local power relations structures the generation, functions and outcomes of SC (Mohmand and Gazdar, 2007, pp. 6-7; Watson, 2009; Sajjad, 2012). In this sense, village economies, evolving into urban spaces due to marketplace development, lead to the generation of both informal and associational SC. This suggests more broadly that associational SC may arise and flourish in contexts identical to Putnam's southern Italy (Pisani et al., 2017, p. 251). However, these associations are heterogeneous in terms of their members' socioeconomic characteristics, which develops an order of coexistence between conflictive individual and coinciding collective interests. Here, a combination of Bourdieusian and Putnamian approaches to SC offers a promising theoretical avenue for the investigation of SC and local governance (Siisiainen, 2003).

The generation and outcomes of SC as a function of the local economy are certainly not a pure "bottom-up" phenomenon, as neoliberal visions of governance would have us believe. It is the interaction between political, economic and cultural factors that condition the consequences which the use of SC can have on local development (Trigilia, 2001). The state is one of the key determinants of its generation and operation. This is because the state performs functions of institution, coercion, regulation and monopolisation, that is, it produces the objective reality of the social world that lies in the mental disposition of its citizens who live within its jurisdiction (Paolucci, 2014, p. 67; Wacquant, 1998, p. 26). Therefore, the quality of government, measured through institutional capacity and fairness in the performance of its functions, structures citizens' dispositions to trust the state or not to trust it. The internalisation of the government's quality is displayed through the ways citizens form and use SC within a particular governance structure (Wacquant, 1998).

Ineffective state institutions contribute to the disenchantment (growing distrust) of citizens (especially the poor), who are aware these institutions are not performing their functions and are serving the interests of the few. Neoliberal thinking about state responsibility, and its promotion of SC in neo governance models, further exacerbates the distrust of citizens in state institutions, as it demands more from citizens rather than offering what it owes them as the provider of rights and services (Bourdieu, 1998, pp. 4-5). Bourdieu questions the ability of such an "idealistic" vision of the world to bring any meaningful change, at least in the form of the empowerment of the poor, or the generation of solidarity or collective SC (Bourdieu, 1998, p. 102). Within this context, the state as a field of power and a primary service provider is a necessary structural condition and the

"only hope" for the development of SC. Thus, more rather than less state intervention defines the context for SC generation (ibid., p. 103; Mohmand, 2008, pp. 381-2). It is precisely through this vision of the state that Bourdieu's field theory offered a deeper understanding of the way decentralised governments work, and enhanced understanding of local governance beyond the existing decentralisation models reviewed in Section 2.2.

The application of this field-capital-habitus framework to the role of marketplaces in generating SC has made a distinct empirical contribution to the existing knowledge on the role of both marketplaces and local governance in the Malakand region (Marsden and Hopkins, 2013; Jan, 2014; Khaliq, 2012; Suleri et al., 2016, 2017). None of this literature offers a relational understanding of the processes of empowerment and participation, the implementation of regulations in the everyday governance of marketplaces, and the provision of social welfare services. The present contribution hopes to generate a new debate on local power relations in a relational framework, in contrast to Barth's methodological individualism and the structuralist determinism of his critiques on political organisation in the region (Asad, 1972). The author's aim is not to undermine the value of these classical anthropological works on the region. Instead, it is to invite a rereading of this literature through the prism of Bourdieu's relational sociology in order to make better sense of the continuity and change in state-society relations.

This contribution has two major implications for the study of marketplaces and SC in the context of Pakistan and developing economies more generally. Firstly, marketplaces are often viewed as places for socialisation and the development of distinct types of informal institutions for regulating exchanges, but their role as an integral element of local governance is often under-investigated. This is mainly due to the obsession of scholars and policymakers with the informality that surrounds marketplaces. Exploring their integrative role in empowerment and participation, in the implementation of regulations, and in the provision of social welfare services in other contexts across Pakistan and the developing world, will illuminate the hitherto neglected role of marketplaces in local governance. Secondly, civil society in the developing states, including Pakistan, is weak as a result of state fragility, socioeconomic stratification and power asymmetries, but the conditions for synergy, as Evans (1997, p. 177) argues, may exist even in the most adverse circumstances. The study of Batkhela bazaar has demonstrated the transformative potential of marketplaces and their implications for power asymmetries in state-society relations and the reconfiguration of political society. The bigger empirical question now for the Malakand region, for Pakistan, and for the developing world as a whole, lies in exploring the potential of marketplaces to transform hierarchically structured organisations into

social capital of the Putnamian type. To this end, in the cultural and political settings outside the West, "the purposes of activities rather than the forms of organisation should be a critical test of civic life" (Varshney, 2004, p. 433).

10.3 Policy impact

The findings of this study highlight the need for decentralised governance design to take more active account of marketplaces, given their role in certain areas of local governance. Marketplaces as drivers of urbanisation and as emerging centres of the local economy in small towns like Batkhela present significant opportunities and challenges for existing local governance policies. The government of Pakistan, at all levels, appears to be completely oblivious to these critical challenges and opportunities. For instance, Batkhela bazaar has evolved over seven decades from a small cluster of shops into the only officially designated urban town of Malakand District, and continues to expand rapidly. One can erect a building whenever, wherever and however one wants, as long as the act of building does not constitute encroachment of the roads and passageways. As a rapidly urbanising country with 448 small towns and thousands of large and small bazaars, Pakistan is likely to find this becoming a central problem for local planning and development.[92] This in itself is a significant comment on the need to address the governance deficit regarding marketplaces in local governance policies. More crucially, policies relating to marketplace governance in terms of regulation enforcement and service delivery are inadequate and impervious to change, which suggests the need for government policies to catch up with the pace of local development.

In terms of the enforcement of regulations (analysed in Chapter 7), there is an urgent need to design robust mechanisms for governing price, health and quality standards in marketplaces. In its current form, the governance structure has many deficiencies. Standardised procedures for officials to inspect markets are absent. District officials do not regularly follow price determination procedures and contraband goods are flooding into the market, creating incentives for violating regulations. The outcomes of the forensic examination of food and pharmaceutical products suffer from a lack of transparency and are often manipulated. The ease of manufacturing, supplying and selling substandard food and medicines presents a serious challenge to the health of citizens; however, the

[92] There are 75 cities in Pakistan with populations ranging from 0.1 million to 1 million; and 448 small towns with populations of less than 10,000. See Government of Pakistan (2015) National report of Pakistan for habitat III. Islamabad: Ministry of Climate Change. Available at: https://unhabitat.org/wp-content/uploads/.../Pakistan%20(National%20Report).pdf [Accessed 22 October 2017].

incapacity and unwillingness of government officials to regulate these practices promotes a culture of corruption.

Drawing on the findings presented in Chapter 7, a number of policy measures could be implemented to deliver substantial improvements in the governance of price, health and quality standards in the markets. Firstly, standardised procedures for market inspections by local regulators could be ensured. Secondly, the discretion of local officials in the determination and application of penalties for violating health, price and quality regulations could be reduced to a minimum. Thirdly, to discourage collusion between government officials on the one hand, and manufacturers, suppliers and local traders on the other, severe penalties are required for the government officials concerned. Fourthly, local offices should be resourced with sufficient staff and logistics to effectively perform their functions. Fifthly, the government's recruitment and transfers policy relating to local officials need revision. The current policy preference for local domiciles in the appointment of officials should be reversed for food and health inspectors. The evidence in Chapter 7 suggest that non-local officials are less prone to family, friendship and neighbourhood pressures in the implementation of regulations. Finally, robust price determination mechanisms capable of keeping pace with fluctuating commodity prices in the market are required. To this end, price review committees at the local level should be strengthened and their regular meetings should be ensured. Undoubtedly, policy measures alone cannot prevent informal networks from obstructing regulation enforcement. However, robust institutional design for governing local markets, including the above measures, would increase trust in the quality and fairness of government actions, which in turn would reduce the incentives for violating regulations.

The ineffective local governance of health and quality standards in the food and pharmacy sector is linked to ineffective governance at the national level: for instance, inadequate and ineffective forensic facilities, the illegal cross-border trade in Indian pharmaceutical products, and the development of supply networks for the distribution of these pharmaceuticals at the local level require urgent policy and scholarly attention. Counterfeit and misbranded medicines pose a significant threat to the health of millions of Pakistanis. Indian medicines, owing to their effective functioning (according to patients and traders in Batkhela bazaar) and cost-effectiveness, are increasingly purchased and sold in the local markets. Not only is the illegal cross-border trade is on the rise (Taneja and Bimal, 2016), but the manufacture of counterfeit and misbranded products is mushrooming. This growing trend in the manufacture of counterfeit and misbranded medicines, coupled with a consistent degradation in the quality of food, if not reined in

through improvements in the existing governance structure, will have damaging impacts for the health of citizens countrywide. For this purpose, the national policy on food and health regulations requires a holistic reconsideration that takes into account the impacts of national policy on local policy, and the other way round.

Before any policy reconsideration, the scholarship informing those policies should avoid simplistic formal-informal binaries on the one hand, or confusing informal with illegal on the other. Taneja and Bimal's (2016) informative study on informal trade between India and Pakistan provides vivid evidence of the dangers of confusing illegality with informality. Such simplistic treatments of the complex reality of formal/informal and informal/illegal inhibits the formulation of meaningful policies that would realise the potential of the informal economy for improving the political economy of the country on the one hand, and deal with issues of rule violation on the other. In this respect, one question relating to local governance is the identification of those governance areas where the informal economy generates positive externalities for local governance, and those where it is a governance challenge. Such an understanding would pave the way for the effective incorporation of marketplaces as an element of governance in the country.

Policies relating to social welfare provision at the local level, especially to local social welfare offices and the governance of non-profit sector, also need urgent revision. The evidence presented in Chapter 8 suggests that a resource-constrained social welfare department and the ineffective regulation of SWAs prevents coordination between the state and civil society in the provision of welfare services. If the rising number of associations and the growth in their membership is a measure of SC, Pakistan should celebrate this increase in its stocks of SC, at least in relation to the phenomenal rise in the number of NGOs and social welfare associations in the country (Naviwala, 2010). Yet the findings from Malakand District suggest that a dominant majority of these associations exists only in the records of the district social welfare office. This divorce between the number of government-registered SWAs and those actually operating in the field is largely due to the ineffective registration and monitoring policies of government. These ineffective policies, along with incentives offered by quick-fix, donor-induced community participation programmes, have triggered the proliferation of thousands of associations in Pakistan (Bano, 2017). As well as existing in the files of district welfare offices, many of these SWAs have a presence in the virtual world, with attractive websites, carefully crafted mission statements, and often fabricated images and videos of their social welfare activities; but few exist in the real world. Their sudden appearance in and disappearance from the local landscape erodes citizens' trust in them. Chapter 8 has demonstrated the role

of the bazaar in generating both social and economic capital for these associations. However, the improved regulation of SWA activities by district governments would allow genuine associational activities to flourish while preventing the proliferation of fictitious and inactive SWAs, a situation which affects the long-term health of the local stocks of SC.

To this end, current efforts of national government for improving the governance of the third sector needs to be supplemented with increased coordination between national, provincial and local governments for better regulation and monitoring of social welfare services. Avoiding duplication of social welfare provision, increasing capacity at the local level to collect data on social problems, monitoring activities of service providers in the third sector, and developing robust mechanisms to weed out inactive SWAs and NGOs at all the levels, may increase coproduction of social welfare services.

10.4 Study limitations

This thesis has both methodological and practical limitations. The single case study design and the choice of case selection has restricted the generalisability of the findings to certain specific aspects of marketplace governance. For instance, in terms of the enforcement of regulations, the omission of tax regulations and the focus on regulations applicable to health, price and quality standards was shaped by the governance settings of Batkhela bazaar characterised by "legalised informality" (Khan, 2017a). Adopting a comparative case study design or selecting a case study site in the settled areas of Pakistan would have extended the analysis to the role of SC in the enforcement of tax regulations. It was found in Chapter 7 that SC stabilises economic exchange among traders in the context of weak formal institutions, but also reinforces institutional weakness. If these findings were put to the test in relation to tax regulations, the "bright" side of SC would be unlikely to emerge, because the absence of these different types of regulations creates varying incentive structures for cooperation in the informal realm of governance. Health, price and quality standards create interdependency up and down the supply chain. However, such interdependencies are indiscernible in the everyday governance of taxes related to markets.

Empirically, the study has demonstrated both the role of Batkhela bazaar as an evolving field of power, and the increased political agency of the traders' community with the evolution of the bazaar. The bazaar's evolving relationships with other spheres of governance was the central focus of the empirical examination. This approach meant that two large but marginalised sections of the bazaar's population – street vendors and waged workers employed in the majority of fixed shops – remained excluded from the study. This was mainly due to their non-representation in the BU and their imperceptible involvement

in the voluntary associations. The silence of traders regarding these key groups clearly demonstrates the evolution of the bazaar as a field of power with its own dominant and dominated groups. This also challenges the conventional conceptions of bazaars as inclusive public spaces and their ability to generate SC of the Putnamian type, and suggests that the role of marketplaces as public spaces, and the type of SC they produce, is context-dependent.

Anyone with only the slightest acquaintance with Pakistani markets, or the gender roles in Pakistani society more broadly, will be aware that women as traders are entirely excluded from the trading space in the public sphere, let alone from membership of traders' associations.[93] This exclusion of women as traders, and even the limitations on their access as customers owing to cultural constraints, illustrates not only the institutional embeddedness of the local economy, but also its role in the reproduction of SC along gender lines. Despite the bazaar's influence on the changing distribution of capital and on the generation of ties across political, economic, associational and regional lines, networks (both formal and informal) across gender boundaries cannot be developed in the public sphere. Women's economic activities in the Malakand region, as in most of South Asia, is largely limited to the private sphere of the home. These home-based, female-owned micro-enterprises are dependent on the marketplaces for their supplies. Traders of garments and cosmetics in Batkhela bazaar pointed out such trading relationships. Within the research design of this study, it was impracticable to explore the gendered dimension of social capital, linking the economic activities of the marketplace with these home-based, female-owned enterprises. This calls for an in-depth exploration into the role of trading networks within and across gendered segregated social capitals in connecting marketplaces and household economies where the former is reserved for men and the latter for women.

Gender-segregated and male-dominated public spaces also have implications for the type of associational SC generated by bazaars in Pakistan, and local civic life in general. Most of the literature on South Asia, Pakistan and the Malakand region cited in this study, with a few exceptions, remains gender-blind in its conceptual apparatus and methodological designs. This implies that most of the associational SC revolves around men's networks. Admittedly, the present thesis could not break away from this convention.

[93] In contrast to South Asian marketplaces, women in African markets are actively involved not only in trading, but in organising and wielding political interest (see Prag, 2013, pp. 66-7); to a lesser degree this difference is also apparent in Central Asian markets (see Ishkanian, 2003).

As explained in Chapter 4, this was mainly due to the absence of women from the spheres of governance explored in this study.

Exploring the centrality of trust to the governance processes related to marketplace governance revealed some interesting findings which require further development. Trust, as a component of SC, was successfully demonstrated to be the product of habitus, which is a significant theoretical contribution of the present research. In doing so, three levels of trust were empirically identified that impact the role of marketplace-generated SC in local governance processes (see Section 3.3.1). Each of these dimensions was further divided into two dimensions: competence-based and motive-based trust (see Section 6.4.1). Trust in the competence of an individual, association/organisation, or institution is shaped by one's place in the game, or possession of various forms of capital. In this sense, a person's propensity to trust is differentiated from his or her familiarity with the existing trusting order. Familiarity, reflexively yielded through habitus, reduces the complexity of the existing trusting order and shapes trusting choices (Luhman, 2000). High levels of interpersonal trust and low levels of institutional and organisational trust in any context can be explained through this reflexive engagement of agents with their existing institutional environment. Therefore, trust not only governs interpersonal relationships in the context of weak formal institutions, but also serves as an insurance mechanism necessary to substitute institutional fragility in governing various economic and noneconomic transactions.

This reflexive engagement with the existing trust environment explains why agents rely on interpersonal networks as opposed to institutions, and why they trust the capacity of interpersonal trust to influence institutions for personal benefit. The findings of this study suggest that interpersonal trust generates both negative (Chapter 7) and positive (Chapter 8) externalities for the local governance structure. Within this context, trust serves as a central element of the local governance structure, which shapes exchanges related to political participation, regulation enforcement and the provision of social welfare. However, the context of trust and the interrelationship between the three dimensions of trust (along the axis of intention and the capacity of the trusted) is shaped by two factors: the quality of government institutions and the social structures. Trust in this sense has both temporal and contextual dimension. Exploring the interrelationship between these three dimensions of trust in their temporal and contextual specifications requires further research. As argued in Section 9.5.1, plugging in Bourdieu's notion of habitus that interprets the social order of trust will help us better understand interconnected levels of trust. Refining and further developing such an explanation of the role of trust in the

governance of market and its role in the local governance will overcome weaknesses in the existing conceptions of trust.

10.5 Questions for future research

The methodological and empirical limitations of this thesis raise critical questions relating to marketplaces, local governance and social capital in the developing world in general, and Pakistan in particular. These relate, in order of priority, to the institutional design of LG and its implications for the role of marketplaces in the generation of SC for local governance; the type of civic activities that evolve as an outcome of the bazaar-SWA interaction and the role of religion in shaping the implications of this interaction for social welfare provision; the role of social capital in governing the evolving relationships between business owners and waged workers as a distinct but interdependent classes in the bazaar; and the gendered dimension of SC emerging from the interaction between home-based economies and marketplaces in the context of ineffective state institutions. In addition, the research also raises critical questions for the role of marketplace-generated SC in conflict and post-conflict governance.

A first key question for future research is: How does the institutional design of local government impact on the processes of SC generation by marketplaces, and what are the implications of this SC for local governance? The informing idea here is that the institutional design of LG defines the governance settings of marketplaces, which then serve as a context for the development and operation of SC in marketplace-LG relations. To this end, institutional design variances in the role of LG in the governance of the local economy in Pakistan provide an ideal natural setting. Comparing marketplaces in tax-exempted regions, like the PATA and FATA, against marketplaces in the settled areas of the country, offers a good starting point.

A second question would be: What are the implications of a bazaar's religious embeddedness for local civic life and the governance of social welfare provision? As argued in Chapter 8, marketplaces are an important source of charity owing to the embeddedness of their economy in the institution of *zakat* and alms. Neither the state nor the social welfare associations are able to extensively benefit from this resource, as a result of a general absence of traders' trust in these institutions. Individual networks mediate donations for SWAs, as observed in the context of Batkhela bazaar. However, the type of social welfare provision to which bazaars contribute is a contextual question. Therefore, other types of social services, where religious embeddedness in the bazaar economy contributes to the governance structure of social welfare provision, requires further investigation. Chapter 8 has demonstrated that the interpersonal networks of SWA

members mediate the donations of individual traders, with notable implications for certain areas of social welfare provision. An exploration of the role of interpersonal networks in negotiating traders' donations to SWAs and their aggregate impact for local governance beyond Malakand District is required. This would answer a number of other questions, for example: Has this triad of religious, interpersonal and generalised reciprocity impacted on the governance of social welfare provisions in other contexts of Pakistan?; and How does this institutional logic of state, market, society and religion shape marketplace-SWAs interrelationships in other developing economies? These questions could be usefully explored in relation to the role of SC in marketplace-local governance interaction in a comparative perspective that considers different religious traditions, such as Islam, Hinduism and Christianity.

A third area for future research relates to the role of social capital in the governance within marketplaces of the relationships between traders and waged workers, as employers and employees. Much of the marketplace literature in Pakistan, whether in the political economy models of class analysis (Javed, 2017; Amirali, 2017) or in Granovetter's embeddedness models, celebrate the rising power of marketplaces and of traders as a class (Jan, 2010, 2017). However, a critical question relating to marketplace governance remains unanswered. For instance, it was observed in the present study – and most of the literature on evolving local economy in Pakistan would agree – that the economic relationships between the dominant and the dominated are monetised and that the traditional bonds of patron-client relationships have been replaced by wage contracts. In marketplaces in Pakistan, most of the employment relationships that do not involve family ties are purely monetary contracts. However, the silence of traders regarding their employment relationships, the governance of these employment relationships by purely informal contracts, and the lack of any associational activity for the labour force employed in trading units, requires further study. Questions in this area would include the following: Who negotiates access to state institutions for these labourers in terms of any dispute with their employers?; What role, if any, do marketplace traders' associations play in such disputes?; What impact does this have on the development of SC along vertical lines?; and What impact does the evolution of the bazaars have in relation to the SC of waged workers in the marketplaces?

A fourth area for future research would be: To what extent do marketplaces in Pakistan develop SC across gender boundaries? This is one of the most important but most underexplored research questions. Weiss (1998, p. 71) noted the "practical and symbolic division" into men's and women's spheres of economic life. This distinction could be used

to characterise research on marketplaces and female-owned, home-based micro-enterprises in Pakistan as a distinct research geography. The entire marketplace literature comes from male researchers (with the exception of Amirali , 2017), while women's entrepreneurship literature emanates predominantly from the pens of female scholars. Much has been written about the barriers to women's access to markets and their exclusion from marketplaces as traders (Khan, 2017a), and about the institutionally embedded and constrained household entrepreneurial activities of women (Gohar and Abrar, 2016). A critical gap in these different bodies of literature is the role of social networks generated by the contiguous evolution of men's economic activities in the marketplace and women's enterprises in the private sphere of the household. This field of research could explore the following questions: What role (if any) does SC play in connecting these gender-segregated trading spheres of the local economy?; and How do trust and reciprocity govern the relationships between male traders as suppliers and female entrepreneurs as customers? This gender analysis of SC across the trading spheres is especially significant from a governance perspective. The state, as a governing institution, is reduced to a secondary position in this area, while faith-based and local cultural norms are the primary institutions that regulate social behaviours towards women's trading activities and their participation in local markets.

Militancy and conflict have influenced governance and local economy in Pakistan. The present research did not engage with this aspect of governance, owing to its specific theoretical and empirical objectives. However, as noted in Section 5.3.2, marketplaces in the Swat and FATA region experienced varying impacts of the militant crisis in 2008-9. In this connection, three categories of marketplaces in the country can broadly be identified. Firstly, there are those marketplaces in areas where actual military conflict took place, which suffered complete closure, infrastructural damage, and displacement of the local population. Marketplaces in FATA and Swat region fall under this category. Secondly, there are those marketplaces in areas where direct confrontation between military and militants did not take place, but the markets remained closed due to protracted curfews. These marketplaces did not suffer infrastructural damage, nor was there displacement of the local population dependent on these markets. However, prolonged curfews had serious short-term economic implications for them. Batkhela bazaar falls into this category. Thirdly, there are those marketplaces in districts that suffered neither direct conflict nor curfews. However, the massive influx of displaced persons temporarily increased demand on their capacity to provide goods and services, as well as making cheap labour available. Furthermore, these marketplaces were faced with their own governance problems due to

increased crime, suicide bombings, and the increased insecurity of traders. Marketplaces in the districts of Mardan, Peshawar and other settled districts can be classified in this category.

To date, no systematic empirical analysis of the responses of these three categories of marketplaces to conflict in the region has been conducted. Important empirical questions that have been left unanswered may enhance our understanding of the role of marketplaces in conflict and governance in Pakistan and in the developing state context. For example, what impact did the conflict have in the evolution of the role of marketplaces in the local political economy of these three types of area? What role did these varying impacts of conflict have on the social capital generated by their marketplaces and on its implications for the role of marketplaces in the local governance of their respective areas? How did the marketplaces in these varying contexts respond to post-conflict governance in the short and long-term? Furthermore, a field analysis of these questions, e.g. taking into account the distribution of capitals (economic, social and human) would provide an opportunity for entrepreneurship research to explore the differentiated entrepreneurial capacities of market traders to exploit the opportunities and deal with the challenges offered by conflict situations.

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Marketplaces as 'new governance spaces' – the case of Batkhela bazaar, Pakistan.

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Individual social capital and voluntary social welfare associations: A case-study of bazaar-social welfare association's interface.

Hanns Seidel Foundation and Department of Political Science, Baragali summer campus, University of Peshawar, Sixth international conference "The dynamics of change in Pakistan-Afghanistan region: Politics on the borderland" (19-21 August 2017):
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Political Studies Association 67th international annual conference, Technology and Innovation Centre, University of Strathclyde, Glasgow (April 10-12, 2017):
The social embeddedness of marketplace governance: Does decentralization create new patterns of patron-client relations?

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The outcomes of individual social capital for voluntary social welfare organizations: An ethnographic investigation of bazaar-local organizations interface

Hanns Seidel Foundation and Department of History, University of Peshawar third international conference: The 1973 Constitution of Pakistan: Representation (12-14 May 2017):
Transformation from below: Weaknesses of decentralized local governments or strong social structures?

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Does decentralization create new patterns of patron-client relation? The case of district Malakand, Pakistan.

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Doing ethnography and teaching visually impaired researchers: setting a new research agenda.

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Appendix 1: Contiguous growth of Batkhela bazaar and urban population in Malakand District

Census Year	Urban population	Rural Population	Size of Bazaar
1981	0	257797	150 shops
2017	68,200	652095	5500 shops

Source: Pakistan Bureau of Statistics for census data, and Interview data for Bazaar's figures

Appendix 2: Questionnaire for Exploratory Survey

Respondents' Identification Data

This section, containing four items, will be filled by the researcher prior to interview on the bases of classification/categorization which will be made before going into the field for administering this questionnaire.

Number of the questionnaire for data entry into computer program: _____

Name: _____

Firm name: _____

Date of the interview:_____

Interviewer request for help: explaining questionnaires objectives

I am conducting my PhD study on Batkhela bazaar and the role it plays in the local economic development and local governance process. For this purpose I am conducting this survey. The aim of this questionnaire is to understand the nature of the economic activities of bazaar, the features of business owners and economic transactions/operations of the bazaar. It also seeks to set ground for the significance of entrepreneurial activities and their social relations in the governance process.

For this purpose, the questionnaire is broadly designed on 4 dimensions.

The first dimension covers the nature of businesses in the bazaar, the features of business owners, and features of transactions that take place in the bazaar. Here the transactions refers to economic transactions only.

The second dimension seeks to understand If and how do formal governance institutions impacts business activities in the bazaar.

And the third dimension determines how informal governance in the bazaar relates to formal institutions.

The fourth dimension seeks to understand if the networks of relations, norms and trust within the bazaar plays any role in the local governance process.

This survey will help in building rapport with the potential interviewees, and will play a crucial role in specifying interviewees for the detail interviews, and will determine our purposive sample.

1. Features of businesses in the bazaar

1.1 What business activity are you engaged in? _____

1.2 In what year did you start this business? _____

1.3 Were you engaged in other business activity prior to this? (Y/N)

1.4 If yes, what was that business? _____

1.5 Why did you move into your current business? _____

1.6 How many people do you employ in your current business? _____

1.7 How many of these people are family members? _____

1.8 How many of these are close relatives? _____

1.9 Do you pay your employees on a:

(1) daily basis; (b) weekly basis; (c) monthly basis; or (d) some other (please specify)

1.10 Can I ask you about the average daily/or monthly income of your

business? (yes/no). If yes, please specify.

1.11 Could you estimate what percentage of your customers come from:

a) Batkhela _____ b) Surrounding villages _____ c) Broader region____

1.12 How many customers do you deal with on an average every day?
(1) 01-10 (2) 11-20 (3) 21-50 (4) 51-100 (5) 100-200 (6) over 200.

1.13 Do the numbers of customers rise and fall with the season? Y/N

1.14 If yes, what number of customers would visit you daily at periods of high peak demand? (1) 01-10 (2) 11-20 (3) 21-30 (4) 31-50 (5) 51-100 (6) 100-200.

1.15 What number of customers would visit you daily at periods of low peak demand?

(1) 01-05 (2) 06-10 (3) 11-20 (4) 21-50 (5) 51-100 (6) over 100.

1.16Can you distinguish (in numbers) in your frequent and occasional customers?

1.17 Could you estimate what percentage of your customers come to you:

(a) daily ____ (b) weekly _____ (c) monthly _____ (d) annually_____

1.18Can you please identify your three most important suppliers?

i) _____ ii) _____ iii) _____

2. Features of the business owners

2.1 Are you the owner of this shop? Yes No

2.2 Do you have any other shops at other locations in the bazaar? Yes No

2.3 Do you have any other business premise as an extension of your business outside the bazaar? Yes No

2.4 Do you have any other business interests? Yes No

If yes, please specify _____

2.5 How many children are you supporting in education in private schools?

_____

2.6. Would you mind if I ask about their respective levels of education?

(1) school ☐ (2) college (higher secondary or degree college please specify) ☐

(3) university ☐

3. Features of economic transactions in the bazaar

3.1 Do you have a bank account? Yes No

3.2 If this is a rental property, do you have a written contract? Yes No

3.3 If no, please specify the nature of the contract._____

3.4 Do you lend money to other business owners in the bazaar? Yes No

3.5 If yes, to whom do you extend this loan?

(1) family/relatives ☐ (2) friends ☐ (3) acquaintances ☐
(4) to your neighbour shopkeepers only ☐ (5) to anyone in the bazaar ☐
(6) any other, please specify. ☐

3.6 Do you make any written contract when you lend money to other business owners in the bazaar? Please explain your answer.

Yes _____

No _____

Sometimes _____

3.7 Do you sell products to your customers on credit? Yes / No. If yes, please provide details

---

3.8 To which type of customer do you extend this credit facility? (if more than one, rank in order of importance)

(1) family (2) friends (3) acquaintances (4) loyal customers (5) any customer.

3.9 Do you make a written contract for selling on credit? Yes No

3.10 If no, do you make an oral contract? _____

3.11 If the customer does not pay back on time, how do you recover the money? Please specify the method

---

3.12 Do you have any formal contract with your employees? (Yes / No / n/a)

3.13 Have you been involved in any business dispute in the last two years?

(Yes / No)

3.14 If yes, how it was resolved? (a) by the police; (b) courts; (c) bazaar union; (d) family; (e) friends; (f) combination of these; (g) other (please specify).

Please explain briefly the resolution process

3.15 If you need a loan for your business activities, from where would you obtain this? (a) family (regularly/sometimes/never) (b) friends (regularly/sometimes/never) c) bank (regularly/sometimes/never) d) other – please specify (regularly/sometimes/never)

4. Bazaar governance, and the broader governance process

4.1 Are you member of the bazaar union? (Yes /No)

Please state the reason for your answer._____

4.2 Do you think bazaar union is effective in solving bazaar problems? (Yes /No /don't know). Please explain your answer.

4.3 Are you actively involved in local government? (Yes / No)

4.4 If yes, please provide details (e.g type of involvement; status of membership, e.g, union council, tehsil council, or district council).

4.5 Are you a member of any political party? (Yes/No)

If yes, which one?_____

4.6 How often do you attend meetings of the political party of which you are a member? (1) regularly; (2) sometimes (3) never

4.7 Did you vote in the recent local government elections? (yes/no).

4.8 If yes, would you mind saying for which political party? (optional).

4.9 Did any family member or friend contest the election? (yes/no) If yes, did you vote for them?

4.10 Was that family member from the same political party for which you have voted?

(Yes / No)

4.11 was that family member contesting for the seat of Nazim?

(Yes / No)

4.12 Please explain in what way local government impacts upon your business.

4.13 How would you rate the impact of local government activities on your business?

(1) very significant (2) significant (3) neither significant, nor insignificant (4) of limited significance (5) of no significance at all.

4.14 Is there any NGO conducting developing functions in the bazaar? (Yes / No)

4.15 Is there any NGO that is working to help businesses in the bazaar?

(Yes/ No/Don't know). If yes, please give details of the NGO (if No, go to question 4.17)

4.16 Please explain in what way NGO activities impact upon your business

---

4.17 How would you rate the impact of NGO activities on your business?

(1) very significant (2) significant (3) neither significant, nor insignificant (4) of limited significance (5) of no significance at all.

4.18 Please explain in what ways banks impact on your business

---

4.19 How would you rate the impact of banks on your business?
(1) very significant (2) significant (3) neither significant nor insignificant

(4) limited significance (5) of no significance at all.

4.20 Please explain in what ways the Levies/police impact upon your business

---

4.21 How you rate the impact of Levies (police) on your business?

(1) very significant (2) significant (3) neither significant nor insignificant
(4) of less significance (5) of no significance at all.

4.22 Can you identify the **three** most important problems currently faced by the bazaar?

4.23 Please explain how these problems impact upon your business.

4.24 In your view, what actions need to be taken to resolve these problems and by whom?

(e.g central government, local government, NGOs; bazaar union; other)

---

5. Informal relations that relate to governance

5.1 Please explain how family relations impact upon your business?

5.2 How would you rate the impact of family relations on your business?

(1) very significant (2) significant (3) neither significant nor insignificant
(4) less significant (5) of no significance at all.

5.3 Please explain how friends impact upon your business?

5.4 How would you rate the impact of your friends on your business?

(1) very significant (2) significant (3) neither significant nor insignificant
(4) less significant (5) of no significance at all.

5.5 How many close friends you have within the bazaar?

(1) less than 2 (2) 2-to 5 (3) 6- to 10 (4) 11 to 15 (5) more than 20 .

5.6 How many close friends you have outside the bazaar? (state the numbers only).

(1) less than 2 (2) 2 to 5 (3) 6 to 100 (4) 11 to 205 (5) more than 20 .

5.7 Are any of your family members government officials? (Yes/ No) If yes, provide details

---

5.8 Are any of your friends government officials? (Yes / No)

If yes, provide details

5.9 If you have family or friends who are government officials, have you ever contacted them in relation to your business activities (Yes / No)

If yes, please could you give details.

---

6. Social capital: collective dimension

6.1 Are you a member of any association outside the bazaar?

(Yes / No)

6.2 What is the name and purpose of this association?

6.3 Does this association impact upon your business in any way?

(Yes / No)

6.4 Have you contributed to any community development project in the last 3 years?

(Yes /No). (If No, go to 6.8)

6.5 If yes, what was the nature of your contribution?

(E.g. cash, volunteered services, other)

6.6 Was this community development project important for your business?

(Yes / No)

6.7 Was this community project/ significant for the bazaar?

(Yes / No)

6.8 Have you helped anyone in your community in the last one month?

(Yes / No)

6.9 Please specify the nature of the help provided.

---

7. Classification questions

7.1 Age

(a) less than 20 (b) 20-29. (c) 30-39. (d) 40-49. (e) 50-59. (f) 60 or above.

7.2 Are you the Head of the household?

(Yes / No)

7.3 Do you live alone?

(Yes / No)

7.4 What ethnic group do you belong to?

7.5 What religious group do you belong to?

(a) Sunni (b) Shia (c) Other

7.6 Please indicate your level of formal education:

(1) no formal education

(2) primary

(3) secondary school

(4) university undergraduate degree

(5) postgraduate

7.7. Are you a resident of Batkhela?

(Yes / No). If no, please specify your place of residence._____

7.8. Could you indicate the value of your daily average sales:

(1) less than Rs. 10000 (2)Between Rs. 11000 to 20,000 (3) between Rs. 2,0000 or Rs. 5,0000

(4) Between Rs. 50000 - Rs. 100000 (5) above Rs. 100000

(6) above Rs. 200000 (7) above Rs. 300000.

7.9 Could you indicate the level of your monthly income:

(1) less than Rs. 20000 (2) Between Rs. 21,000 - Rs. 50,000 (3) Between Rs. 51,000 - Rs. 100,000

(4) Between Rs. 101,000 – Rs. 200,000 (5) Between Rs. 201,000 - Rs. 300,000

(6) Between Rs. 301-000 - Rs. 400000; (7) over Rs. 400,000.

Thank you for your time and co-operation

Appendix 3: Short survey with SWAs and responses

This survey consisted of nine questions, including six binaries, two rating-scale questions and two open-ended questions. For responses to the binary questions see the table below, while the responses to the other four questions are summarised here. In the first question, the founders/managers of SWAs were asked about the activities that their associations performed. The response distribution was: blood-donor association (1); sports associations (2); mix of welfare activities such as health, sanitation, education, and emergency help and relief (3); education only (1); for disabled people and widows (1 [inactive]); health (1). When asked which section of society was most helpful in contributing to their activities, the respondents were given four options (1) bazaar; (2) government employees; (3) students; (4) illiterate and unemployed. Eight of the associations answered that the bazaar community was the most helpful. In the third question, the respondents were asked to rate the significance of the bazaar on a scale from 1 to 4 where 1 = very significant; 2 = significant; 3 = of limited significance; 4 = of no significance at all. Five of the respondents answered "very significant", three answered "significant" and one regarded the bazaar as of no significance at all. In open-ended question, the SWAs were asked if there were any other facts they wanted to share about the significance of Batkhela bazaar in relation to their activities? Five responses were coded as an alternative resource to government support, while three regarded the active networks of traders as a significant resource. One of the SWAs did not comment. The binaries are summarised below.

Question	Affirmative	Negative	Number of total responses
Do you have any bazaar-related projects, or projects for any specific business sector?	0	9	9
Have you collected charity from the traders in the bazaar for any of your projects?	1	8	9
Do you ask for voluntary help of any kind from the bazaar?	7	2	9
Is the financial help generated from the bazaar helpful for your activities?	8	1	9
Is voluntary help from the bazaar helpful for your projects?	6	3	9

Appendix 4: Contact directory log

Pseudonym	Date	Occupation and Context	Gender
Faqir Khan	May 01, 2016	Pottery retailer, President of the Bazaar Union	M
Irfan	May 02, 2016	Cloth/garment wholesaler, and contestant for the Bazaar Union election, chairman of EC 2009-2013; PPP	M
Zalmay Khan	May 03, 2016	Wholesaler and GS of bazaar union	M
Ayaz Ali	May 04, 2016	Retailer in automobile parts, GS in previous cabinet of the Bazaar Union (2009-2013). Affiliation with PPP	M
Akbar Zaman	May 05, 2016	Garment retailer	M
Falakniaz	May 05, 2016	Grocery, mixed size business/or small wholesale. Affiliation with PPP	M
Sohaib	May 08, 2016	Synthetic fibre wholesaler, actively involved in JI, no inclination to become bazaar president	M
Waseem,	May 09, 2016	Prominent garment wholesaler, no political affiliation	M
Waqar	May 09, 2016	Prominent electronic wholesaler, affiliation with JI, doing business since 1959, started off as a milk seller in a cart, and rose to his current status	M
Sardar Khan	May 10, 2016	Hardware seller and owner of a market (landowner) was an active follower of ANP, but denies any affiliation with politics at present, belongs to traditional land-owning class	M
Hajee Aleem	May 16, 2016	Owner of two travel agencies, two markets (400 shops), political affiliation with PMLN, belongs to traditional migrant family	M
Babu	May 17, 2016	Large wholesaler, political affiliation unknown, belong to traditional migrant class	M
Khatir Khan	May 17, 2016	A local journalist. Was interviewed because had been the member of bazaar elections committee in the previous two elections	M
Shah Jahan	May 19, 2016	Mechanic, small size falling under Rs 10,000 category, political affiliation with PPP, VP in the current cabinet	M
Bilal	May 26, 2016	PA to district commissioner	M
Bakhtiar	May 29, 2016	Large wholesaler of electronics, *Tehsil Ameer* of JI (this cannot be shown in the final report because it will reveal his	M

		identity), one of those belonging to traditional landless class	
Saddam Hussain	May 31, 2016	Recruitment agency owner	M
Shab Khan	June 17, 2016	Ex-provincial minister from Malakand District	M
Fasiullah	July 01, 2016	Computer operator in district commissioner's office	M
Zahid	July 01, 2016	Active local politician	M
Ishaq	July 01, 2016	Local politician, son of a landlord and an active member of ANP	M
Zameer Khan	July 08, 2016	Shoemaker and retailer	M
Qazim	July 14, 2016	Large wholesaler of grocery items	M
Riaz	July 17, 2016	Grocery retailer	M
Shafeeq	July 26, 2016	Bakery owner	M
Ibrar	July 28, 2016	Bakery owner	M
Azmat	July 31, 2016	Food distributor (wholesaler)	M
Mujahid	August 02, 2016	Second-hand car dealer	M
Fazal Wahab	August 05, 2016	Grocery retailer	M
Majid	August 05, 2016	Grocery retailer	M
Inamullah	August 05, 2016	Grocery retailer	M
Haris	August 07, 2016	Vegetable retailer with fixed shop	M
Imran	August 08, 2016	Grocery wholesaler	M
Zahid	August 09, 2016	Grocery wholesaler	M
Aziz Ahmad	August 09, 2016	Pharmacy distributor and director of a private hospital	M
Abid Khan	August 11, 2016	Seller of Indian medicines (unregistered medicines)	M
Goher	August 11, 2016	Pharmacy retailer	M
Noorullah	August 11, 2016	UC mayor Batkhela	M
Khadimkhan	August 11, 2016	Reader to additional district commissioner	M
Bakht raees	August 12, 2016	Local police post commander	M
Zakir Muhammad	August 13, 2016	Pharmacy distribution	M
Shoaib	August 14, 2016	Pharmacy retailer	M
Khawar	August 15, 2016	Pharmacy retailer	M
Ijaz	August 15, 2016	Food inspector	M
Salman	August 15, 2016	Clerical staff member in district office, responsible for compiling reports of various types of penalties imposed by DC, AC and DFC	M
Zakir	August 16, 2016	Vegetable wholesaler	M
Zahir Khan	August 16, 2016	UC Mayor Piran (neighbouring village of Batkhela)	M
Zorawar Khan	August 17, 2016	District commissioner	M
Saleem	August 17, 2016	Drugs inspector	M
Zafar	August 21, 2016	Grocery wholesaler	M
Yasir Khan	August 21, 2016	UC mayor Batkhela	M

Zaheer	August 22, 2016	Oil distributor	M
Shakeel Khan	August 24, 2016	Pharmacy wholesaler	M
Ibraheem	August 25, 2016	Pharmacy retailer	M
Waseem,	August 26, 2016	Additional assistant commissioner	M
Nauman	August 26, 2016	Reader to assistant commissioner	M
Shakirullah	August 27, 2016	District food controller	M
Khalid	August 27, 2016	District vice-mayor	M
Akbar	August 28, 2016	Pharmacy wholesaler	M
Hamza khan	August 28, 2016	District president of PPP	M
Sahil	September 01, 2016	District social welfare officer	M
Ibrar Khan	September 01, 2016	UC mayor Batkhela	M
Khaleelullah	September 03, 2016	UC vice-mayor Batkhela	M
Hussain	September 04, 2016	Medicine distributor	M
Ghazali	September 04, 2016	Founder of SAANGA, son of a landlord, and official in social welfare department in another district	M
Rehmat khan	September 05, 2016	Wholesaler of electronic goods	M
Furqan	September 07, 2016	Wholesaler of synthetic fibres	M
Kaleem	September 08, 2016	Tailor	M
Salar Khan	September 10, 2016	Medicines wholesaler	M
Mujahid	September 11, 2016	Second-hand car dealer and president of the BU	M
Khaliq	September 14, 2016	Pottery retailer	M
Bakhtiar	September 14, 2016	Textile wholesaler	M
Shairzada	September 15, 2016	A large wholesaler of grocery items	M
Liaqat	September 15, 2016	Assistant commissioners	M
Ateeq Khan	September 15, 2016	Active local politician and ex-UC mayor Batkhela	M
Shahlam	September 16, 2016	Wholesaler of electronic goods	M
Subhan	September 16, 2016	PSO station owner	M
Jafar	September 16, 2016	Cosmetics retailer	M
Ziad	September 17, 2016	Pharmacy retailer	M
Arsalan	September 18, 2016	Mixed-size business of auto spare-parts	M
Saleem	October 01, 2016	Owner of recruiting agency	M

Appendix 5a: Example of interview guide used

This was the interview guide that was specifically developed for the Bazaar Union. The schedules for the SWAs had some of the themes, but not all were applicable given the principle of respondents' expertise, hence different interview schedules guided by the major thematic concerns of this study were constructed. At this stage, I was interested in Batkhela Bazaar Union and its different dynamics relating to bazaar governance, especially how social capital influences its different processes. In addition, I was interested to know how this influence extended to some aspects of the local governance processes. An in-depth understanding of the BU's creation and evolution, the current state of its structure and functions, and its interactions with actors in the bazaar and other important stakeholders, was therefore important. For this purpose, in the first stage, the key members of the BU were interviewed (current president, vice-president and finance secretary (if one exists]), along with some of the members who have acted as key BU members in the past, and business owners who have observed the BU's creation and evolution.

1.1. Establishment of the bazaar union:

When and how was the bazaar union established?

Why was the bazaar union created?

How was it created, i.e. what was the process?

Who were the main people involved in its creation?

Did they belong to any specific group or class?

What other classes or groups of people existed at that time in the bazaar?

How did they react to the establishment of the bazaar union?

1.2. Evolution and development of the bazaar union

What functions does the bazaar union perform?

What changes have you seen in its structure and functions since its creation?

Do you remember any special occasions that represented change in the structure and functions of the bazaar union?

What is that change, and is it reflected in its current structure and functions?

Does the bazaar union serve the interests of any specific group or network of people in the bazaar?

Who are those people?

What do you think are the reasons why the bazaar union serve their interests?

Are they the same groups/group who actually created it?

1.3. Effectiveness of the bazaar union

Can you tell me what functions the bazaar union performs currently?

Do you think that the bazaar union is performing the functions which it is expected to perform?

What happens if it does not perform its functions? (For instance fails to communicate bazaar problems to government officials, or is unable to solve individual problems)

What are the causes of its inability to perform its functions? Lack of resources?

Is there a specific group or groups of people in the bazaar that pose challenges to the union in the performance of its functions?

If yes, who are those people/that group?

Is it dominated by a certain group or actors who do not enjoy the support of the whole of the bazaar?

Can you think of any powerful group or network outside the bazaar union posing challenge to the credibility of the bazaar union?

What is that group and who belongs to it?

Is there any written code for the bazaar union members to perform their functions?

If no, can you tell me, what are those norms which force its members to perform their functions?

Do you think that the fear of non-cooperation from the bazaar members forces the union's members to perform their functions? (example of reciprocity)

Can you think of a specific example in this regard?

Do you think that the norms of Pukhtunwali force them to perform their functions?

1.4. Key stakeholders interacting with the bazaar union

With what kind of organisations does the bazaar union interact frequently?

What are those organisations/unions inside the bazaar?

What are those organisations outside the bazaar?

With what types of individuals does the bazaar union interact?

On what matters does the bazaar union interact with those actors and organisations?

1.5. Implementation of health and quality regulations and the role of the BU

What type of laws are enforced by the local administration in the bazaar?

Do business owners violate these laws?

What role does the bazaar union play in the implementation of these regulations?

What type of business owners frequently violate the regulations?

What type of business owners frequently contact the bazaar union if a penalty is imposed against them for violating regulations?

1.6. Effectiveness of the bazaar union

Why did you join the bazaar union?

Do you think that it is able to solve the problems of the bazaar?

Do you think, as a business owner, that it is able to solve your problems?

In your opinion, in which areas of bazaar life it is most effective?

What are the causes of its ineffectiveness?

Does this ineffectiveness in the performance of its functions have any impact on the social ties of the bazaar union's members?

1.7. Bazaar security and the role of the bazaar union

Was the current security system created by the bazaar union?

When was it created?

How was it created?

Why was it created? As an initiative of the bazaar union, or was the need felt by the members of the bazaar?

What was the response of the offices responsible for the security of the region?

What was the security arrangements in the bazaar before the creation of this system?

How does this system work?

Do you think that in the presence of the security forces (*levy* and military) this system is needed?

Who pays for the security guards?

How does this payment system work?

Are there any written rules for maintaining the security system of the bazaar, or any part of this system?

Do any business owners opt not to join this system?

If yes, can you identify who are those business owners?

In your view, was the management of this system possible without the bazaar union?

What are the reasons for this opinion?

Appendix 5b: Sample of analysis from interview excerpt

Below is an example of coding from a 35-page interview. This was the very first interview conducted for this research. The initial codes are italicised within the text, and the table at the end of the excerpt shows how these initial codes were organised into conceptual bins. Some of the codes in the excerpt are not included in the table, which suggest that the emerging codes did not all fit the pre-arranged themes. This flexible thematic analysis allowed for the expansion of the conceptual categories as themes emerged from the compilation of those codes. The table has been adapted here for the purposes of presentation, whereas in the original database, indices for different categories were generated.

Interview with the president of the BU (2009-13).
Key facts:

- Date of interview: 1/5/16
- Interviewee's name: Faqir Khan
- Age: 50
- Business: pottery (manufacturing and retail)
- Education: Bachelor's degree
- Monthly income: PKR 30,000 (average)
- Background: Member of traditional landless class
- Interview form: Started with informal conversation, so the list of questions (see Appendix 6) was not mechanically followed. Consent to present this excerpt was renegotiated on 1 June 2017.

Interviewee 1: *1. Importance of collective support.* The opinion of the intelligent and experienced people is very important, because once an opinion of [collective action] by the mature people is acquired and the decisions made accordingly, the president will not be alone then, because if I make a decision alone, that will be my decision alone (Salman sahib). *2. Reciprocity to "make union work"*. But if I do it in accordance with your suggestion, and according to the suggestion of the guy sitting there, and the steps are taken accordingly, then if you step back, I can call you, remind you that Salman sahib is this decision mine alone, or yours? You have pushed me to the field, then why you are leaving me? Come forward. It is also important because your conscience will make you feel guilty in that I was also involved in this decision so how can I sit back? I will side with them. This is the way to make the union work.

Interviewer: Can you tell me when and why was the bazaar union created?

Interviewee 1: *3. few large business owners created the union.* Dear (Yara), it was created even before the decade of 70s. in the very beginning some large business owners (Dukandaran) gathered and a person whose name was Fazlurehman was made the head of this union. He was the first president, he gave it a good start, and however after him it could not be maintained. He is dead now, but I believe that he was made president in 1966). Those were a few people who created the union.

Interviewer: What were the causes of the Bazaar Union's creation?

Interviewee 1: 4. *Causes of union's creation*. Though I do not have exact knowledge, even at that time they might have faced some problems such as transportation of goods, or may be because it was a very small bazaar comprised of say 20 shops. *5. Large traders and distant trade.* In that, if I tell you now, there were business owners called Malaks of Dir, if anyone needed anything in the region they would provide it. I have seen one of their record books (*khata*), written around 1959. At that time they have sold some goods to the *wali* of Swat. They had those dealing with the *wali* of Swat, with the *Nawab* of Dir, they would provide goods from Batkhela bazaar to those people. If someone needed rice, they would deliver that rice. Even at that time there was no transport system so those people, for instance the *wali* of Swat would send their own vehicles to collect the goods that they needed. There records of that time are still here with those business owners.

Interviewer: Was there any opposition to the BU when it was created?

Interviewee 1: 6. *Evolution of opposition to BU*). It's very obvious, whenever a step is taken it has its opponents, but it was not organised. Even now, I mean before my presidentship of the Bazaar Union, such presidents came and they were gone. For instance Shakirulla was made president. Elections were conducted and he became president. A long time passed after he became president, when we would remind him of elections, he would avoid what we would tell him. His argument was that how can it be done, people trust me, they have voted for me saying that you will be the president. Twenty years passed and he remained president. We were in friendship with him (colleagues). *(Author's note: The interviewee used the word "malgartia" which literally in Pashto mean friendship. However here he refers to the fact that he and Shakirulla were part of the Bazaar Union at the same time.)* No one would say anything to him, but I was secretary with him.

Interviewer: Interesting! Can you tell me a bit more about its history?

Interviewee 1: *7. collective decision [reaction to accident].* Let me tell you how I became secretary. An accident took place in the bazaar. There is a business owner, Fazal, he had a son whose name was Ehsan. He was doing recovery in the bazaar and some robbers came, he was martyred in the bazaar and the killers ran away at that time. In that matter, people gathered in the mosque on the third day and were discussing the matter. I was not there, and neither had I said anything to anyone, but people were very emotional in reaction to that incident. I might have been good in their opinion, so they said that from today he [the interviewee] will be the secretary of the bazaar with Shakirullah. They came to me and told me about the matter. I said it's a difficult task to do, but I agreed in the end. *8. Trust in the role creation.* I was feeling happy about the fact that I had not said a word to anyone about getting a role in the Bazaar Union, but the people trusted me and collectively raised hands in my favour, that he is our representative. After that I became determined.

Interviewer: Can you tell me about the history of the Bazaar Union's elections?

Interviewee 1: *9. Elections and trust in BU.* This was another thing that I wanted to talk about. For instance I would tell someone that Shakirullah is our president, or the president of this union. They would reply, how he is my president? I have not voted for him, my father might have cast his vote in his favour but he is dead now; first have an election, then I will accept you as president. All this would be communicated to me by the person very clearly. Then I would discuss this thing between our friends - why is this happening? And then I would ask the president to hold the election but he would not agree. I told him that people do not trust us, but still…10. *Collective action and BU election*. Then we started

using other tactics. We set up an interim president just to force [the president] to agree on the new election. That interim president was just a nominal (*havaie*) to compel [the president] to hold the election. We gathered people in a market… we said Mr so-and-so is our president, and Mr so-and-so is our secretary, and this is an interim cabinet and their responsibility is to look after the pre-election, and to conduct the new election, because elections do not take place. Even then he (the president) refused to agree. He said that I do not accept that president (the interim one).*11. Patronage and elections.* And finally we stood together, and conducted the election with the agreement of the *Masharan* (elders). As a consequence of that election I became the president of the Bazaar Union.

Interviewer: Was there any change in the structure of bazaar union before that election?

Interviewee 1: *12. Association without organisation.* No change. In those 20 years (1993-2009), I was the secretary and he was the president. Apart from that we did not have any structure. There was nothing. I used to tell him: president sahib, if it does not have office, union and funding, what is it? It is not a union then. It is just a name. Nut he would not pay heed to all those suggestions.

Interviewer: Alright. What change occurred when you became the president of the Bazaar Union?

Interviewee 1: *13. Restructured BU*. Even now I have all the records. If I tell you these two boxes are full of bazaar's record, you have the details which I gave you of the names and addresses of the business owners in the bazaar. We started from one end of the bazaar towards the other and collected all the details of the bazaar. For instance A has a business of what? Is it retail or wholesale? What is his name, what is his mobile number? What is his father's name, where does he live? We collected all these details in that form. *14. Cooperation with the state [civic responsibility]*. But now, the most important thing here is, whoever talks against tax, he is our favourite. Now I need every facility: road, gas, electricity etc. How should I demand these things without paying tax? How? Say for instance it is your house, your father and all of you people do not cooperate in that how will it run? How will this house be maintained?

Interviewer: What were the functions of Bazaar Union in the past?

Interviewee 1: *15. Functions of the old bazaar union*. So his [former president's] major contribution was that whenever there was an accident in the bazaar, he was very active in responding to that. Whenever something would occur for instance, accident, or an inspection by food inspectors, or any other form of checking of the bazaar, he would not miss that. It was his belief that he is the president and he will deal all this. I would often tell him that… the union cannot be run alone, you need structure, and you need an office, and people to help. *16. Individual acts weakens union power.* I will give you a lively example of that. An SDM was posted here. During my presidentship, I had a vice-president who was running a fast-food business. But the cups and plates in his restaurant were broken (below standard) in which he used to serve the customer. I told him many times that you are a member of the union and you keep these broken utensils. If you are doing it, how can we ask someone else not to do the same? Or to keep their utensils (cups) clean? You should replace these cups and plates. *17. Inspection and division in the BU.* One day SDM sahib came to bazaar, and got very angry with him. In that anger he had broken those plates and cups. He [the VP] got very angry at that incident. I told him that we are running the union, now if a government official, or any other person comes and inflicts damage on my brother-friend's shop in the bazaar, as in your case, if he breaks his plates, I can ask

him, can make him accountable for that. But if SDM sahib comes for that, you should clean your shop, or correct the things that are not in order, then it is justifiable because he is responsible for that, and we are also responsible for that. So how can I tell him that he has done something wrong? *17. BU and civic responsibility.* He is an officer with some responsibilities which he will fulfil, and I have some responsibilities which I should fulfil. His purpose is to benefit society, and the purpose of the union is also to work for the benefit of the society. if someone fulfils these responsibilities then who is Gulpoor [name of the VP] and who is Mian Sayb [alias of the interviewee].

Interviewer: So, the situation did not change even when you became president?

Interviewee 1: *18. creation of sub-associations*. In our tenure (when the interviewee was president), we created many sub-associations. What we did, that related or relevant businesses for instance, cloth houses had some problems which only they could understand only. So when any issue would arise regarding the businesses of garments, or we had to make some decision, or if there was a transaction (financial) related problem between two business owner in that sector, the president of the garments union would be called, because he had a better understanding of those problems, far better than us. He would give us his opinion on the matter.

Interviewer: What are the functions of union at present?

Interviewee 1: 19. *Opposition and distrust.* The current union has no effective structure, there are nominal roles distributed among people, you are secretary, and you have this office and so forth. There are the president and secretary; they do things according to their own sweet will. I do not see any discipline of the union. *(Author's note: This response is based on political bias, and since the interviewee is in opposition to the present representatives of the BU, his comments on its functions present that specific worldview. This is the reason that I have coded this passage as opposition and distrust.)*

Interviewer: Interesting! What do you mean by discipline of the union?

Interviewee 1: *20. Executive committee.* The union was based on collective opinion. Whenever we had to make a decision we would include people in that. The union exist, but along with that we set up an executive committee [*majlisay amla*] comprised of some specific elders. For instance, the presidents of the markets in the bazaar, the presidents of classes (different sectors of businesses) were the part of that executive committee. Any major decision would be made in consultation with that executive committee. Any specific issue would be presented to them and their opinion acquired on that. 21. *No confrontation with government*. We made it clear from the very outset that we are against strikes, conflicts, unrest and closing shops. These things will never happen. We will do consultations and negotiations, be it with the DC, the governor or the military. In our days there were no such strikes. *22. Conflicting roles and distrust*. But there is another aspect of it. I am not president now, and even if Shakirullah (current president of the BU) does something right I will tell you that he is wrong. This is our problem. Because if I become president and I am performing worse than him, but my presidentship is the number one presidentship and that of Shakirullah (current president) is not. But I am telling you something which does not have any of those elements.

Interviewer: Can you tell me something about the structure of this executive committee?

Interviewee 1: *23. Larger issues and collective agreement.* The strength of the executive committee was usually between 25 and 30. Sometimes, if there was an issue that demanded a larger opinion, then we would consult the non-executive committee members of the bazaar as well. The process was that we would send an invitation to that person saying that a meeting of executive committee is held on an issue and you are invited. *24. EC structure*. There was a chairman and a vice chairman along with 25-30 elders in the bazaar.

Interviewer: But I do not understand if this executive committee was a part of the bazaar union?

Interviewee 1: *26. BU members as members of EC.* No, it had its own chairman and vice-chairman. As office bearers of the Bazaar Union, from the president to the finance secretary all the members of the bazaar union were its members. We were its members…. *27. Functions of market level unions.* Then we created presidents at the market level. His functions were to deal with the problems of immediate nature, and minor problems. The president of the Bazaar Union was not needed for solving problems at that level. The president of the market was told that it is an internal problem of your market and you have to handle it. If I am needed, you can call me, I will be there to help, but overall you will deal with small problems in the market yourself. He would take interest in his responsibility and was working enthusiastically. Not only this, he would take care of the cleanliness of the market, its lighting, or other matters related to the market. Sometimes, these market-level presidents were also the part of the executive committee.

Flexible thematic analysis: Creating conceptual bins

Selected Organising codes	**Reciprocity**	**Trust**	**Associational networks**	**BU evolution**
Linking initial codes to organising codes	*2. Reciprocity to make union work* *16. Individual acts weakens union's power*	*8. Trust in the role creation* *9. Elections and trust in BU* 19. O*pposition and distrust*	*12. Association without organisation* *18. Creation of sub-associations* *20. Executive committee* 24. *EC structure* *26. Functions of market-level unions*	*3. Few large business owners created the union* 4. *Causes of union's creation* 6. E*volution of opposition to BU* 7. C*ollective decision [reaction to accident]* 10. *Collective action and BU election* *13. Restructured BU*

Appendix 6: Contact directory log (reflexive development)

The concept, design and use of this log is based on Miles, Huberman and Suldana (2014. pp. 124-6). However, it has been adapted for the purposes of this study. In addition, the column on additional reflexive notes on the interviewee (Column 6) has been omitted from this example.

Example of contact summary form log

Name of interviewee or event	**Kind of person/persons and situations involved in the contact**	**Main themes or issues in the contact**	**Which questions or variables did the interviewee bear on most centrally?**	**Issues for the next interview?**
Imran interview 8 August 2016	The interviewee is a son of a grocery wholesaler who runs the business of his father for over 12 years. Venue: interviewee's guesthouse (interviewee suggested venue due to his commitments when in shop)	Health and price regulations; role of personal ties in escaping penalties for violating regulations; influence of informal exchanges over formal regulations	Incapability of government (implementation of regulations and service delivery); biased and faulty price and health regulation mechanisms; government officials are unfair; lack of consistency in enforcement government measures	What type of ties are more central to circumventing regulations? do direct ties with health and food officials exist? If yes, if yes, are these ties more important and powerful, or ties that negotiate concessions in penalties?
Zafar interview, 21 August 2016	Grocery wholesaler trading in the bazaar for over 30 years. Venue: interviewee's shop (access was negotiated by a jeweller)	Lack of trust in government; economically sound traders have more influential ties to circumvent regulations; establishing direct (bribe-based) ties with government officials; vote as a matter of reciprocity for intercession; social service to make God happy	Historical evolution and development of health and price regulations; socioeconomic status and the role of personal networks in dealing with irregularities in the governance of health, price and quality standards. Differentiating between family and other social ties in channelling bribes	How are ties with government officials established? What type of government officials take bribes and which don't?

Zaheer interview 22 August 2016	Cooking oil distributor. Venue: interviewee's *hujra* (guesthouse) (access negotiated by a government official)	Bribery and food department; corruption and lab tests; ability to avoid penalties a cause of business enhancement and trust-building in the market; development of bribe-based ties with government officials inevitable for problem-free business	Distrust in inspection process due to personal networks of bribes in government hierarchy; getting samples passed through illegal means and business improvement; reciprocal ties with government officials and customers (traders)	How are these bribe-based networks of large traders beneficial for small traders? How do these networks influence trading ties between large and small traders?

Appendix 7: Consent form

Information sheet

This research aims to understand how personal ties of the people in the bazaar, their involvement in associations of various type, and the norms of cooperation among them, impact the governance of economic activities in the bazaar, and what are their impacts on the governance of the region.

This doctoral research is sponsored by the Business School of Middlesex University London, UK. Participation in this research is entirely voluntary. You have the right: (1) not to answer any question which you consider sensitive, or which makes you feel uncomfortable; (2) to withdraw from the research at any time; (3) to ask at any later stage, before the submission of my thesis, that the information which you have provided should not be used for this research; and (4) to decide whether the interview should be audiotaped or not.

The information in this research will be treated confidentially and only I (Muhammad Salman Khan) will have access to it. The recording will be stored on a hard-drive on my computer and will be used for the purpose of this research and any other publications resulting from it. Moreover your name will be kept anonymous so that the information that you provide should not allow local people in the bazaar, or in any government organisation to identify you.

If you do not understand the purpose, or anything else about this research, you can ask Muhammad Salman Khan (the researcher) to explain that particular aspect until you are satisfied.

Informed consent certificate

I have been invited to participate in the research about the role of day-to-day activities in the bazaar, social interactions and their impact on the governance of this region.

The information about the objectives of this study has been read to me. **I have had the opportunity to ask questions about it and any questions I have asked have been answered to my satisfaction. I give my consent, voluntarily, to be a participant in this study**

Print Name of Participant_____

Signature of Participant _____

Date _____**Day/month/year**

Appendix 8: CAQDAS's failed accessibility claims

Process of uncovering failure	QSR international	Sight and Sound	Fredom scientific	Mailing lists for visually impaired computer users	Contacting visually impaired established researchers
Mode of contact	Email	Phone	Request through customer database	Add-posting: JAWS.UK; JAWSscript.org; NFB.org among others	Email contact with six visually impaired academics in UK (2), US (2), Pakistan (1) India (1). Five of these have doctorate degrees
Response	"We meet all the accessibility standards. You are advised to contact the screen manufacturer	"We cannot provide any advice on this". "We can offer assessment if NVIVO works with JAWS. The assessment will cost £750 per day" "However after assessment, we will be able to advise if NVivo work with JAWS or not"	Blaming the third party	None of the users seems to have used any CAQDAS	Four responded "I don't use CAQDAS" while two refused to comment
Date of response	01/12/2015	24/11/2015	24/12/2015	1/12/2015-1/5/2017	5/11/2015-30/9/2016